Shariah Compliant

31 July 2025

Agriculture | Plantation

Astra Agro Lestari (AALI IJ)

Neutral (Maintained)

Strong Beat In 2Q25

Target Price (Return):	IDR6,990 (+1%)
Price (Market Cap):	IDR6,925 (USD812m)
ESG score:	2.4 (out of 4)
Avg Daily Turnover (IDR/USD)	4,410m/0.27m

- **Maintain NEUTRAL, with new IDR6,990 TP from IDR6,090, 1% upside.** Astra Agro Lestari's 1H25 earnings beat our and Street estimates owing to stronger external FFB purchases and plasma output. Moving forward, output should further improve as production heads towards peak output in 2H25. However, valuation is fair – at 9.6x 2026F P/E vs its peers of 6-11x and historical average of 9.3x.
- **AALI's 1H25 results beat our and consensus estimates,** accounting for 63% and 71% of the full-year forecasts. This was mainly driven by larger-than-expected plasma output (+19% YoY in 1H25) and external (+28% YoY) FFB purchases, which led to higher-than-expected sales volumes overall. In addition, effective tax rate (ETR) of 26.5% in 1H25 was lower than our projected 30%. Sequentially, 2Q25 core profit improved 6% QoQ (+68% YoY) to IDR413bn, while 1H25 core earnings rose +60% YoY.
- **Nucleus FFB production improved 16% QoQ (+3% YoY) in 2Q25,** bringing 1H25 output to +3% YoY – within our estimate of +3-4% for FY25F-26F. External FFB purchased meanwhile, increased 22% QoQ (+21% YoY), translating to a +28% YoY increase in 1H25 external FFB (vs our assumption of +4% YoY). Consequently, CPO output increased 22% QoQ (+15% YoY) in 2Q25, totalling 600k tonnes in 1H25 (+14% YoY). We raise our plasma and external FFB assumptions accordingly.
- **AALI achieved an average 2Q25 CPO price of IDR14,516/kg (flat QoQ, +18% YoY),** while its palm kernel (PK) ASP shot up 81% YoY (+8% QoQ) to IDR11,817/kg. With the higher FFB processed of +14% YoY in 1H25, CPO sales volume also rose +18% YoY. Meanwhile, downstream revenue increased 50% YoY in 1H25, driven by a rise in sales volume (+19%), and likely higher ASPs. In 1H25, downstream revenue contributed about 36% of total revenue vs 34% in 1H24.
- **We estimate unit costs increased by double digits in 1H25,** likely led by higher fertilisation activities during the period on the normalisation of weather. However, we keep our flattish FY25 unit cost assumptions for now, as fertilisation activities should moderate in 2H25 due to seasonal factors.
- **We raise our FY25F-27F earnings** by 14.9%, 14.7% and 14.2% after increasing plasma output and FFB purchase assumptions and lowering ETR, with an unchanged average CPO ASP of IDR13,045/kg for FY25F and IDR11,969/kg for FY26F.
- **Still NEUTRAL, TP upped to IDR6,990**, based on an unchanged 11x 2026F P/E and includes a 12% ESG discount, given its ESG score of 2.4. We believe AALI's valuation is fair – the stock is trading at 9.6x 2026F P/E – within its peer range of 6-11x and in line with its historical average of 9.3x.

Analysts

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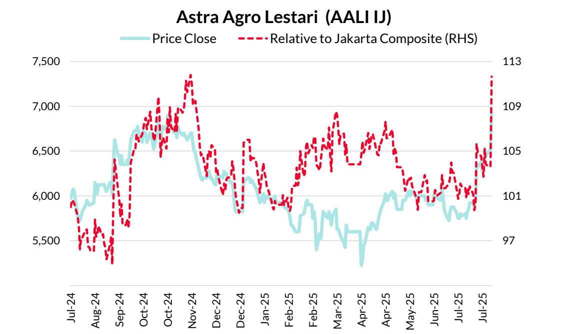
Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	11.7	19.4	16.4	17.4	15.9
Relative	5.1	10.4	4.8	10.7	11.6
52-wk Price low/high (IDR)					5,225 –6,925



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (IDRb)	20,745	21,815	23,711	22,096	22,647
Recurring net profit (IDRb)	1,050	1,040	1,465	1,390	1,435
Recurring net profit growth (%)	(43.1)	(0.9)	40.8	(5.2)	3.3
Recurring P/E (x)	12.70	12.81	9.10	9.59	9.29
P/B (x)	0.6	0.6	0.6	0.6	0.6
P/CF (x)	5.25	3.94	5.03	4.09	4.36
Dividend Yield (%)	5.8	3.6	3.9	5.0	4.7
EV/EBITDA (x)	4.68	3.54	3.30	3.20	3.04
Return on average equity (%)	4.8	5.1	6.1	5.7	5.7
Net debt to equity (%)	8.5	net cash	0.9	net cash	net cash

Source: Company data, RHB

Overall ESG Score: 2.4 (out of 4)

E Score: 2.7 (GOOD)
S Score: 2.0 (MODERATE)
G Score: 2.3 (GOOD)
Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis
In FY24, Scope 1 emissions decreased to 753.7k tonnes of CO2 equivalents (FY23: 880.9k tonnes of CO2 equivalents) while Scope 2 decreased to 11.4k tonnes of CO2 equivalents (FY23: 23.6k tonnes of CO2 equivalents)

Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1	975,519	880,872	753,701	na
Scope 2	21,779	23,577	11,445	na
Scope 3	na	na	na	na
Total emissions	997,298	904,449	765,146	na

Source: Company data, RHB

Latest ESG-Related Developments

Greenhouse gas (GHG) reduction: AALI has set a target of reducing its GHG emissions by 30% by 2030 using 2019 as a baseline. (FY23: 38%).

Renewable energy adoption: AALI intends to increase its renewable energy use to 93.4% of its total energy consumption by 2030, which it has 92.2% in 2024.

Traceability to mill: AALI continues to maintain 100% traceability to plantation of its CPO and CPKO supply sources

ESG Unbundled

Overall ESG Score: 2.4 (out of 4)

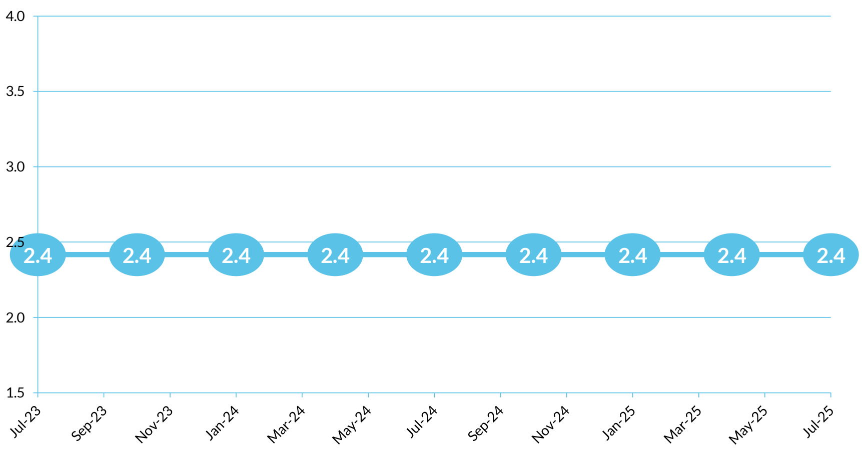
Last Updated: 2 July 2025

E Score: 2.7 (GOOD)
AALI recorded a notable reduction in GHG emission intensity from 43.6 tonnes of CO2e per IDRbn in 2023 to 35.07 tonnes in 2024, contributed by substituting coal with shells, fertiliser reduction of 733 tonnes and methane capture from POME treatment

S Score: 2.0 (MODERATE)
AALI focuses on four main aspects in its CSR i.e. economy, environment, education and healthcare. It has been actively purchasing FFB from community shareholders, and also builds and manages education infrastructure under the Astra Agro Lestari Foundation. Integrated healthcare centres as well as at-plantation centres were also built for employees, as well as the communities living around plantation areas.

G Score: 2.3 (GOOD)
Half of the Board of Commissioners are independent, of which one is female, whose duty is to supervise the policy in an advisory capacity to the Board of Directors. AALI does not make full disclosure on its directors' remuneration and benefits

ESG Rating History



Source: RHB

Financial Exhibits

Asia
Indonesia
Agriculture
Astra Agro Lestari
AALI IJ
Neutral

Valuation basis

11x 2026F P/E

Key drivers

i. Increase in palm product prices;
ii. Increase in palm product sales volume;
iii. A drop in Indonesia's and Malaysia's inventory levels.

Key risks

i. Further weakening of CPO prices;
ii. Significant drop in production.

Company Profile

Astra Agro Lestari manufactures cooking oil and operates rubber plantations. Through its subsidiaries, the company also runs oil palm, tea and cocoa plantations

Financial summary (IDR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Recurring EPS	545.35	540.59	761.38	721.98	745.68
DPS	401.00	249.00	270.61	345.58	327.69
BVPS	11,438.76	11,763.94	12,061.75	12,284.59	12,525.32
Return on average equity (%)	4.8	5.1	6.1	5.7	5.7

Valuation metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Recurring P/E (x)	12.70	12.81	9.10	9.59	9.29
P/B (x)	0.6	0.6	0.6	0.6	0.6
FCF Yield (%)	11.4	18.3	4.4	9.0	7.5
Dividend Yield (%)	5.8	3.6	3.9	5.0	4.7
EV/EBITDA (x)	4.68	3.54	3.30	3.20	3.04
EV/EBIT (x)	9.77	6.61	6.00	6.12	5.91

Income statement (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover	20,745	21,815	23,711	22,096	22,647
Gross profit	2,771	3,341	3,667	3,497	3,599
EBITDA	2,615	3,095	3,409	3,431	3,583
Depreciation and amortisation	(1,363)	(1,436)	(1,537)	(1,638)	(1,739)
Operating profit	1,251	1,658	1,872	1,793	1,844
Net interest	(176)	(53)	22	1	23
Pre-tax profit	1,498	1,707	2,016	1,885	1,960
Taxation	(410)	(520)	(585)	(528)	(559)
Reported net profit	1,056	1,148	1,397	1,324	1,368
Recurring net profit	1,050	1,040	1,465	1,390	1,435

Cash flow (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Change in working capital	367	(294)	(320)	263	(82)
Cash flow from operations	2,539	3,379	2,648	3,258	3,059
Capex	(1,021)	(941)	(2,057)	(2,057)	(2,057)
Cash flow from investing activities	(1,021)	(941)	(2,057)	(2,057)	(2,057)
Dividends paid	(814)	(507)	(521)	(665)	(631)
Cash flow from financing activities	(1,044)	(1,326)	(858)	(928)	(938)
Cash at beginning of period	1,620	2,090	3,236	2,969	3,242
Net change in cash	474	1,113	(267)	273	64
Ending balance cash	2,090	3,236	2,969	3,242	3,306

Balance sheet (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total cash and equivalents	2,090	3,236	2,969	3,242	3,306
Tangible fixed assets	16,392	15,921	16,441	16,860	17,178
Total investments	3,566	2,874	2,874	2,874	2,874
Total assets	28,846	28,793	29,402	29,767	30,250
Short-term debt	2,315	1,690	1,690	1,690	1,690
Total long-term debt	1,690	1,500	1,500	1,500	1,500
Total liabilities	6,280	5,591	5,626	5,562	5,583
Total equity	22,566	23,202	23,775	24,204	24,667
Total liabilities & equity	28,846	28,793	29,402	29,767	30,250

Key metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Revenue growth (%)	(5.0)	5.2	8.7	(6.8)	2.5
Recurrent EPS growth (%)	(43.1)	(0.9)	40.8	(5.2)	3.3
Gross margin (%)	13.4	15.3	15.5	15.8	15.9
Operating EBITDA margin (%)	12.6	14.2	14.4	15.5	15.8
Net profit margin (%)	5.1	5.3	5.9	6.0	6.0
Dividend payout ratio (%)	73.1	41.8	37.3	50.2	46.1
Capex/sales (%)	4.9	4.3	8.7	9.3	9.1
Interest cover (x)	4.66	6.27	7.98	7.64	7.86

Source: Company data, RHB

Figure 1: 2Q25 results review

IDRbn	2Q24	1Q25	2Q25	QoQ	YoY	1H24	1H25	YoY	Comments
Revenue	5,513	7,024	7,423	*6%*	*35%*	10,313	14,447	*40%*	Mainly driven by higher nucleus FFB output (+3% YoY), higher plasma output (+19% YoY) and higher external FFB purchases (+28% YoY) as well as higher ASPs
Gross profit	702	937	1,310	*40%*	*87%*	1,284	2,248	*75%*	
Operating Profit	328	437	551	*26%*	*68%*	585	988	*69%*	
Interest expense	(74)	(49)	(49)	*0%*	*-34%*	(149)	(98)	*-34%*	
Interest income	48	62	76	*22%*	*58%*	84	138	*64%*	
FX gain/(loss)	(22)	(19)	8	*-139%*	*-134%*	(25)	(12)	*-53%*	
Exceptionals	48	(93)	5	*-105%*	*-90%*	23	(89)	*-483%*	EI consists of a fair value loss from biological assets of IDR88.7bn
Other income/(expenses)	100	(60)	34	*-156%*	*-66%*	216	(26)	*-112%*	
Pre-tax profit	379	371	619	*67%*	*63%*	712	990	*39%*	
Tax expenses	(97)	(86)	(177)	*106%*	*82%*	(190)	(263)	*38%*	
Minority interest	(11)	(8)	(17)	*116%*	*54%*	(20)	(25)	*22%*	
Net profit	271	277	425	*53%*	*57%*	501	702	*40%*	
Normalised net profit	**245**	**390**	**413**	***6%***	***68%***	**503**	**803**	***60%***	
Gross margin %	13	13	18			12	16		
Operating margin %	6	6	7			6	7		
Pre-tax margin %	7	5	8			7	7		
Tax ratio %	26	23	29			27	27		

Source: RHB, Company data

Figure 2: Production and sales breakdown (volume in '000 tonnes)

('000 tonnes)	2Q24	1Q25	2Q25	QoQ	YoY	1H24	1H25	YoY
CPO production volume	287	270	330	22.2%	15%	527	600	14.0%
CPO sales volume	258	295	298	1.1%	16%	504	593	17.6%
Olein production volume	103	105	117	11.1%	13%	207	222	7.4%
Olein sales volume	101	92	112	21.7%	11%	191	204	6.9%
Kernel production volume	61	56	69	24.8%	14%	111	125	12.9%
CPO selling price (IDR/kg)	12,338	14,534	14,516	-0.1%	18%	12,248	14,525	18.6%
FFB-nucleus production	780	694	805	16.0%	3%	1,457	1,499	2.9%

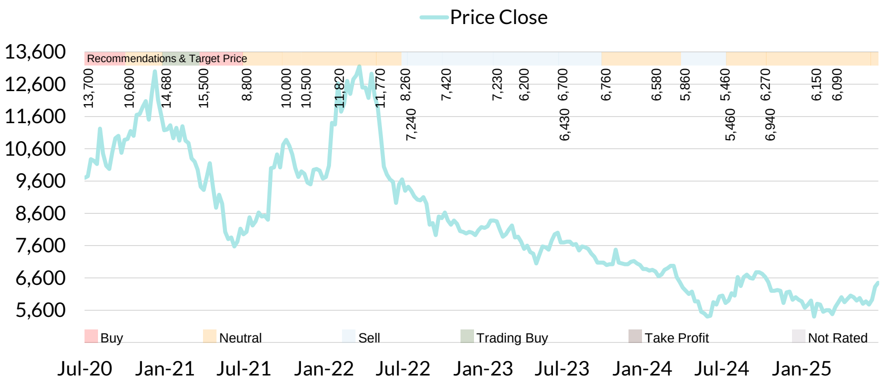
Source: Company data, RHB

Figure 3: Key assumptions

	2023	2024	2025F	2026F	2027F
CPO production ('000 tonnes)	1,276	1,125	1,233	1,198	1,234
PK production ('000 tonnes)	272	234	281	273	281
FFB production ('000 tonnes)	3,312	3,003	3,093	3,186	3,281
CPO price (IDR/kg)	11,724	12,883	13,045	11,969	11,969
PK price (IDR/kg)	5,279	7,755	10,959	10,697	10,697

Source: Company data, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-07-08	Neutral	6,090	5,750
2025-02-24	Neutral	6,150	5,900
2024-11-11	Neutral	6,940	6,700
2024-10-30	Neutral	6,270	6,650
2024-08-11	Neutral	5,460	5,825
2024-07-30	Sell	5,460	5,975
2024-04-29	Sell	5,860	6,375
2024-02-23	Neutral	6,580	6,850
2023-10-31	Neutral	6,760	7,050
2023-07-28	Sell	6,430	7,700
2023-07-23	Sell	6,700	8,000
2023-04-26	Sell	6,200	7,675
2023-02-23	Sell	7,230	8,275
2022-10-30	Sell	7,420	8,450
2022-08-10	Sell	7,240	9,350

Source: RHB, Bloomberg

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