

# PT Nusantara Sawit Sejahtera Tbk

Research  
Report

## Entering the prime age

Mirae Asset Sekuritas Indonesia

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### Tight supply to persist in the future

- We noted that palm oil supply growth is showing signs of decline in recent years, mainly driven by 1) ageing tree profile in Indonesia and Malaysia; and 2) moratorium policy on the newly planted area. Note that in 2018, Indonesia issued a moratorium to halt the issuing of new plantations and expansion of existing plantations permits for three years in order to review existing concessions and sort out land ownership problems.
- Regarding replanting in Indonesia, the government created a program called People's Palm Oil Rejuvenation (*Peremajaan Sawit Rakyat*) (PSR) to ensure the productivity of Indonesia's palm oil. As of 2022, 180k ha planted areas are expected to be replanted with a total budget of IDR30mn per ha. However, we see the progress still lacks execution due to low replanting percentage realization compared to its target. Thus, with this current pace of replanting, we expect no significant recovery in Indonesia's palm oil production. We believe tight supply issues will still linger in the future. Hence, the CPO price will hover at favorable prices.

### Young age plantation profile to become the beneficiary

- We believe, companies with young age plantation profile will be able to monetize this current situation, as they will get optimum yield amidst the favorable CPO prices. In this matter, PT Nusantara Sawit Sejahtera (NSS) has a comparative advantage given its relatively young age plantation profile of 7.2 years, lower than the industry average age plantation profile of 14 years.
- In terms of productivity, NSS recorded a lower FFB yield of 16.3 tonne/ha compared to the industry level of 16.8 tonne/ha in 2021. As for Oil Extraction Rate (OER), NSS managed to achieve 21.9%, or at the same level as the industry level. Lower FFB yield is understandable, in our view, given the fact that NSS' age profile is still not at the prime production age level.

### Anticipated the prime age era

- NSS has managed to record rapid growth in FFB production in the last few years, mainly driven by more plantations coming to the mature stage. As for 2021, the company recorded a total planted area of 26,221 ha with a mature area of 23,982 ha (compared to 2018 with a planted area of 25,218 ha and a mature area of 17,389 ha). In addition, NSS completed its first CPO mill in 2016. With the rising trend of FFB production, NSS recorded a utilization rate of 112% in 2021F, compared to 89% in 2018.
- To anticipate rising FFB production in the future, NSS initiated the ground-breaking process of its second CPO mill with 60 tph capacity in August 2021. It is located at BSP with a total area of around 40 ha, along with an installed direct-piping system to a special terminal and expected to be completed in 3Q23.

### Massive expansion in the long-run

- NSS has a massive expansion project in its pipeline for the following years. Regarding the planted areas, NSS plans to develop ready-to-use areas of 20k ha with average planting of 5k ha per year. As a result, we expect to see nucleus area increase to 46k ha by 2025.
- In addition, NSS plans to increase its mill capacity to maximize its robust production growth. By 2030, the company is expecting to have addition of 3 new mills, translating into CPO production capacity to 270 tonnes per hour (2021: 60 tonnes per hour).

### Valuation

- We value NSS using blended valuation of 10-year DCF valuation and P/E multiple of 5.6x- 6.3x to arrive at fair value of IDR2.97tr – IDR3.83tr
- For DCF, we use WACC of 11.2% based on cost of equity of 15.0% (46.9%) and cost of debt of 7.8% (53.1%). We are using beta of 1.8x with risk-free rate of 6.2%, which is the yield of 10-year government bond and a market risk premium of 3.0%.
- As for P/E multiple method, we use P/E of 5.6x-6.3x. Our P/E multiple target is based on a 20%-10% discount to average multiple of its peers-average multiple in regional according to Bloomberg's consensus. We give discount to our multiple to factor in NSS' relatively smaller size of planted areas and early stage of development compared to peers.

#### Earnings and valuation metrics

FY (IDRbn)	12/19	12/20	12/21	12/22F	12/23F
Revenue (IDRbn)	523	747	1,147	1,125	1,326
Operating profit (IDRbn)	-4	160	505	313	527
Net profit (IDRbn)	-240	19	245	72	293
ROA (%)	N.A	0.7	8.2	2.2	9.0
ROE (%)	N.A	6.2	43.9	5.2	17.6
Net gearing (x)	7.6	7.0	3.5	0.9	0.7
Current Ratio (x)	0.4	0.4	1.1	2.2	1.5

Note: Net profit refers to net profit attributable to controlling interests

Source: Company data, Mirae Asset Sekuritas Indonesia Research

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# Palm oil industry overview

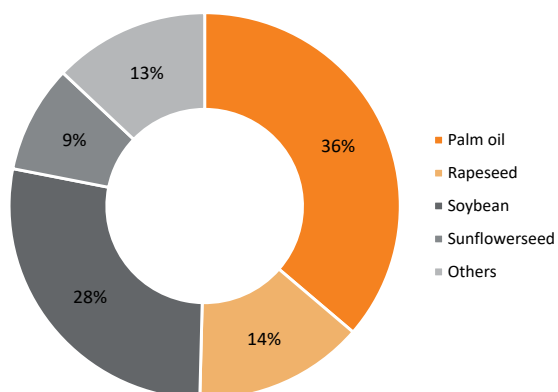
## Usage and production

Crude Palm Oil (CPO) is one of the most consumed types of vegetable oil, contributing to around 40% of all types of vegetable oil (see Figure 1). The use of CPO is very diverse, especially for food ingredients, cosmetics industry, chemical industry, and animal feed industry. As of 2021, food use still becomes the most significant contribution of 71%, followed by consumer product and biofuel with 24% and 5%, respectively (see Figure 2).

Oil palms generally begin to produce fruits three years after being planted in the fields, with commercial harvestable to be commenced six months later. However, the yield of an oil palm is relatively low. As the oil palm matures, its yield increases, and it reaches peak production from ages 7 to 13 years old. Yield starts to gradually decrease after 14 years. The typical commercial lifespan of an oil palm is approximately 25 years (see Figure 3).

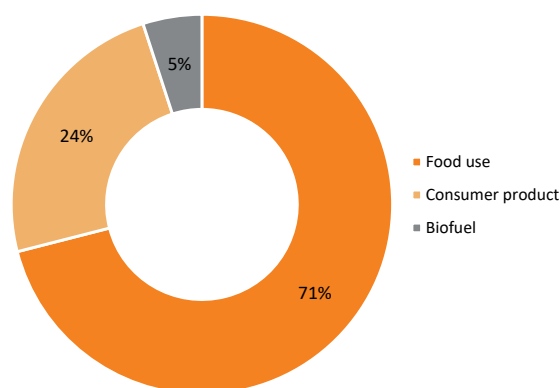
Fully mature oil palms produce 18 to 30 metric tonnes of FFB per hectare. The yield depends on various factors, including age, seed quality, soil and climatic conditions, quality of plantation management and the timely harvesting and processing of FFB. The ripeness of FFB harvested is critical in maximizing the quality and quantity of palm oil extracted. Harvested fruits must be processed within 24 hours to minimize the build-up of free fatty acids (FFA).

Figure 1. World's vegetable oil market share



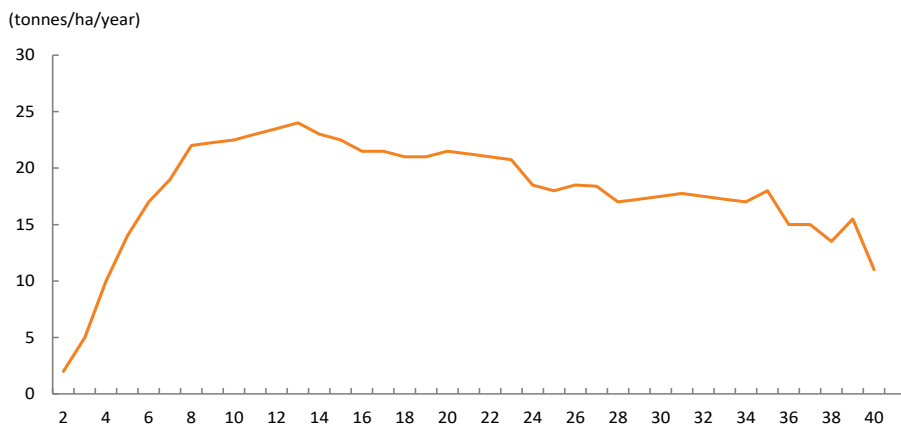
Source: Bloomberg, Mirae Asset Sekuritas Indonesia Research

Figure 2. Usage of palm oil



Source: World wildlife fund, Green Palm, Mirae Asset Sekuritas Indonesia Research

Figure 3. Palm oil yield trend



Source: Palmoilworld, Mirae Asset Sekuritas Indonesia Research

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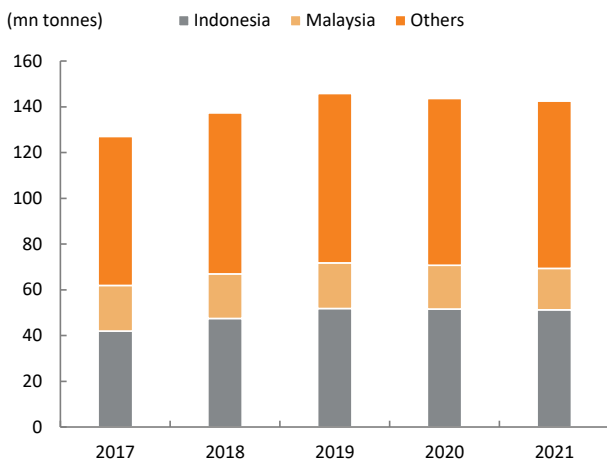
### Global supply and demand

Note that as ~70% of the world’s CPO are used for food demand, especially cooking oil, is closely related to a country’s population and household consumption, hence major CPO importers for Asia Pacific include China and India.

On the supply side, Indonesia and Malaysia are still the key factors in the global palm oil supply, with a total contribution of 94% to the total global production in 2020. As of 2021, Indonesia and Malaysia managed to produce 51.3mn tonnes and 18.1mn tonnes, respectively, totalling around 95% of the world’s CPO production (see Figure 5).

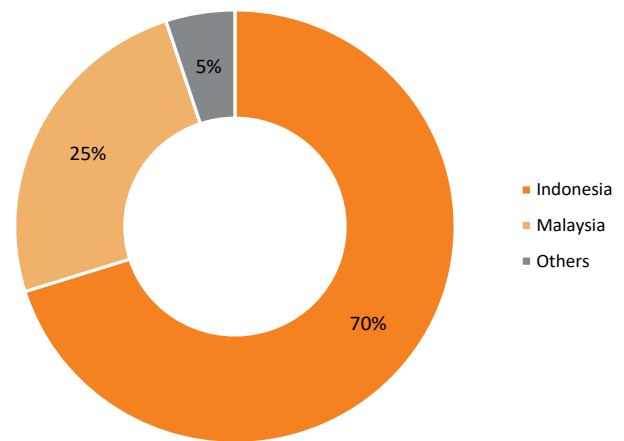
Of all the domestic CPO supply in 2021, Indonesia export and domestic consumption volume were at ~34mn tonnes and ~21mn tonnes, respectively, contributing around 63% and 37%, respectively, to the total supply in 2021. By country of destination, India was the main export destination for Indonesia’s CPO, contributing around 76% of the total export volume in 2021 (see Figure 8).

Figure 4. Global CPO production trend



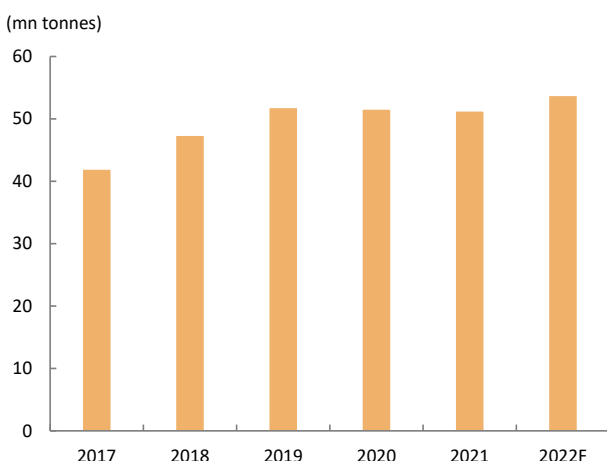
Source: Bloomberg, Mirae Asset Sekuritas Indonesia Research

Figure 5. Global CPO production breakdown as of 2021



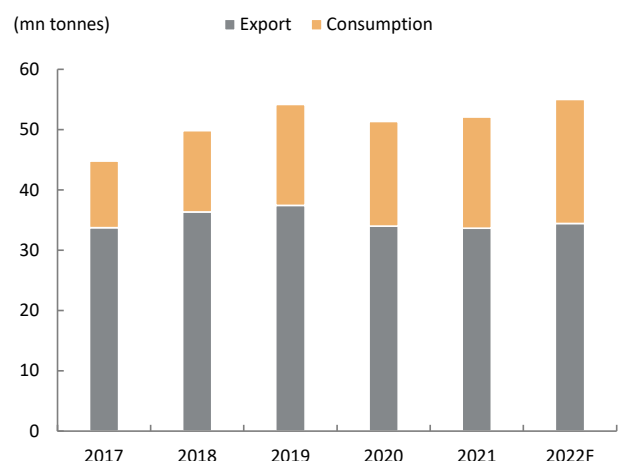
Source: Bloomberg, Mirae Asset Sekuritas Indonesia Research

Figure 6. Indonesia’s CPO production



Source: GAPKI, Mirae Asset Sekuritas Indonesia Research

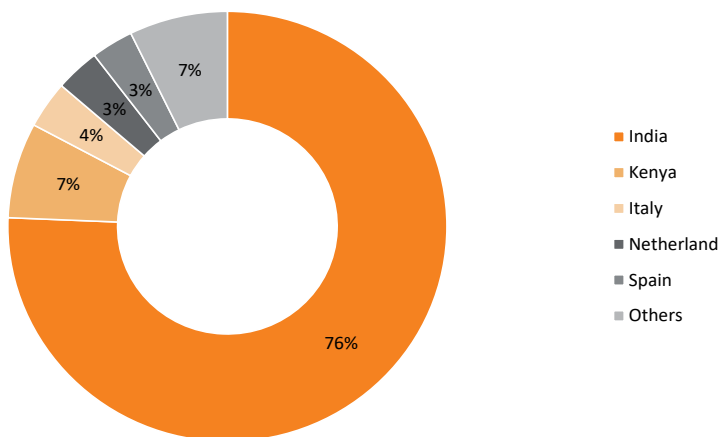
Figure 7. Indonesia’s CPO export and domestic consumption



Source: GAPKI, Mirae Asset Sekuritas Indonesia Research

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**Figure 8. Indonesia’s export volume by country of destination**



Source: Indonesia Statistics, Mirae Asset Sekuritas Indonesia

**Tight supply to persist in the future; CPO prices to remain volatile**

We expect CPO prices in 2023 to remain volatile, relatively more on the higher side. A quick lookback on what occurred in 2022, following the Russia’s invasion of Ukraine which caused a disruption on the delivery of sunflower oil (one of the major edible oils consumed in Europe), prices of vegetable oil soared. Note that the war adds pressure to sunflower oil supplies since the Baltic Sea supplies 76% of global sunflower oil.

The high sunflower oil price bodes well for prices of soybean oil and CPO, which were already facing tight supply issues on the back of 1) a poor harvest in South America; 2) low crushing volume for soybean; and 3) Indonesia’s DMO for CPO, even before the outbreak of the war. Note that between April and May, Indonesia imposed a three-week ban on its exports to secure domestic stocks, causing the CPO price to hike further.

**Figure 9. CPO prices**

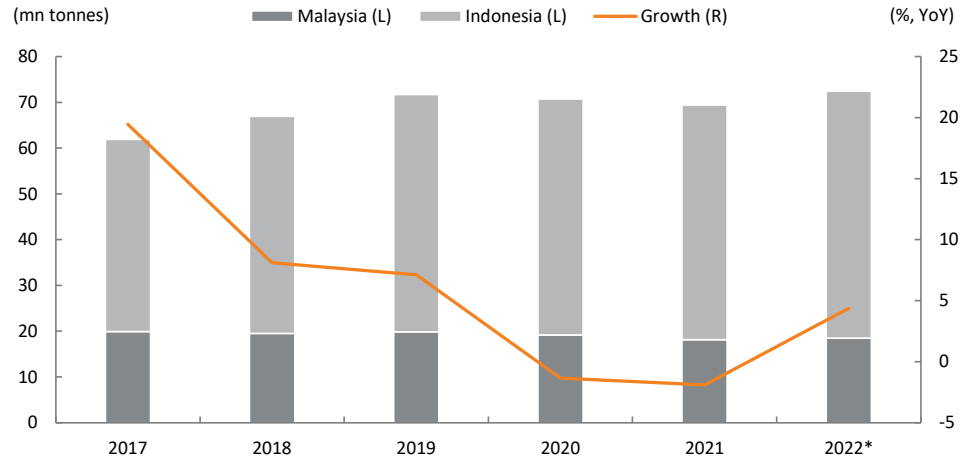


Source: Bloomberg , Mirae Asset Sekuritas Indonesia Research

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On the supply side, especially for CPO, we noted that palm oil production growth is showing signs of decline in recent years (see Figure 10), mainly driven by 1) ageing tree profile in Indonesia and Malaysia and 2) moratorium policy on the newly planted area.

**Figure 10. Malaysia's and Indonesia's production growth has shown a declining trend**



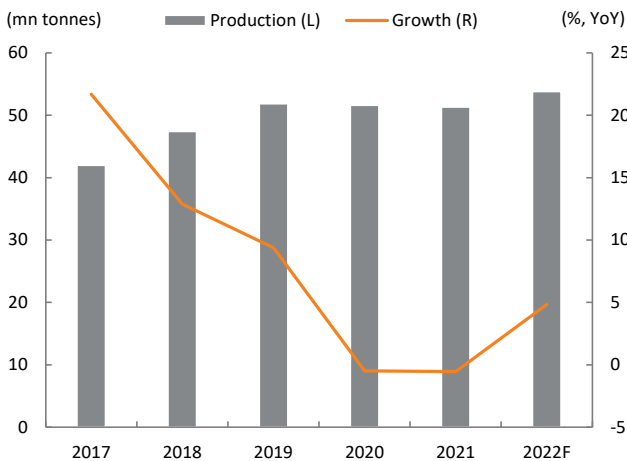
Note: \*Indonesia's data is based on GAPKI's 2022F forecast. As of 9M22, Indonesia's CPO production was at 36.6mn tonnes. Malaysia's data is at FY22 actual data.

Source: Bloomberg, GAPKI, Malaysia Palm Oil Board (MPOB), Mirae Asset Sekuritas Indonesia Research

In the past couple years, Indonesia's CPO production trend has continued to decline (see Figure 9) driven by the ageing palm tree profile. Moreover, in 2018, Indonesia issued a moratorium to halt the issuing of new plantations and expansion of existing plantations permits for three years in order to review existing concessions and sort out land ownership problems. This policy was triggered by the frequent forest fires in Indonesia's forests and peatlands. As for this regulation, the only way for the upstream players to expand is through a replanting program or acquisition areas that already has cultivation rights (HGU permit).

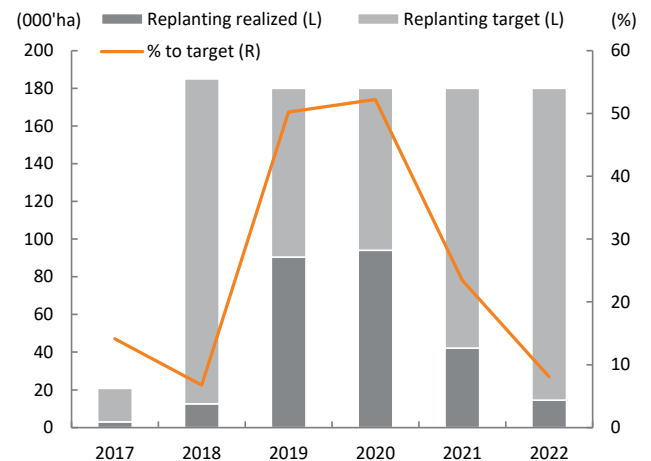
Regarding replanting in Indonesia, the government created a program called People's Palm Oil Rejuvenation (*Peremajaan Sawit Rakyat/PSR*) to ensure the productivity of Indonesia's palm oil. As of 2022, 180k ha planted areas are expected to be replanted with a total budget of IDR30mn per ha. As a note, for 2020-22, the government targeted 540k ha of planted areas. However, we see this progress still lacks execution due to low replanting percentage realization compared to the target. Until June 2022, the cumulative realization of the replanting program since 2016 was only 256,744 ha.

**Figure 11. Indonesia's CPO production trend**



Source: Bloomberg , Mirae Asset Sekuritas Indonesia Research

**Figure 12. Indonesia's replanting program realization**



Source: Mirae Asset Sekuritas Indonesia Research, Various source

With this current pace of replanting, we expect no significant recovery in Indonesia's palm oil production. We believe tight supply issues will still linger in the future. Hence, the CPO price will hover at a relatively high price level.

There is also an issue with the production related to the high cost of fertilizers, which in our view will hamper CPO production as usage of fertilizers might decline thereof. Moreover, the La Niña weather phenomenon which occurred in late 2022 have also led to flooding in major palm oil plantation both in Malaysia and Indonesia, which we believe affected CPO production to drop in 4Q22. The weater phenomenon is expected by Indonesia's Meteorology, Climatology, and Geophysics Agency (BMKG) to extend until March 2023.

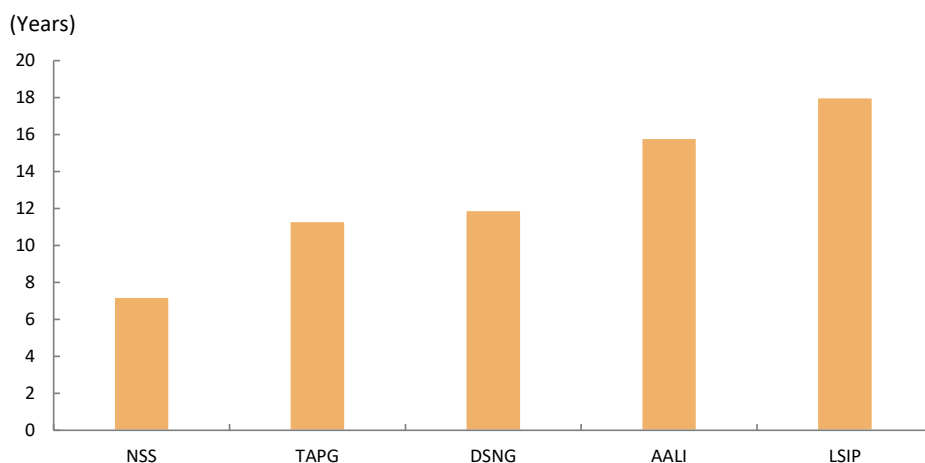
That being said, we expect that tight supply of CPO will persist at least in 2023, causing prices to remain volatile.

## NSS' plantation profile is favorable

### Young plantation profile

We believe, companies with young age plantation profile will be able to monetize this current situation, as they will get optimum yield amidst the favorable CPO prices. In this matter, NSS has a comparative advantage as the company has a relatively young age plantation profile of 7.2 years, lower than the industry average age plantation profile of 14 years.

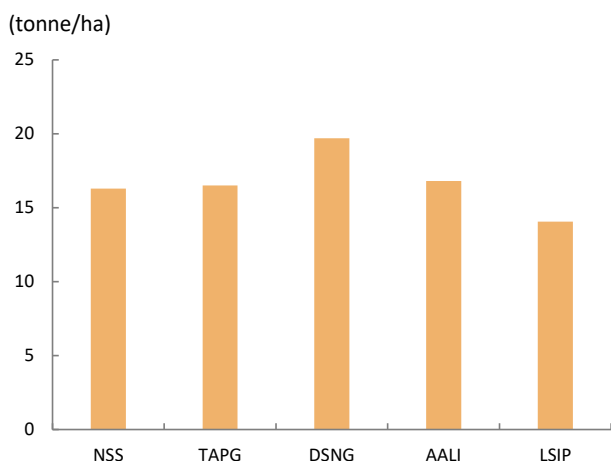
**Figure 13. Age plantation profile compared to peers**



Source: Company data, Mirae Asset Sekuritas Indonesia Research

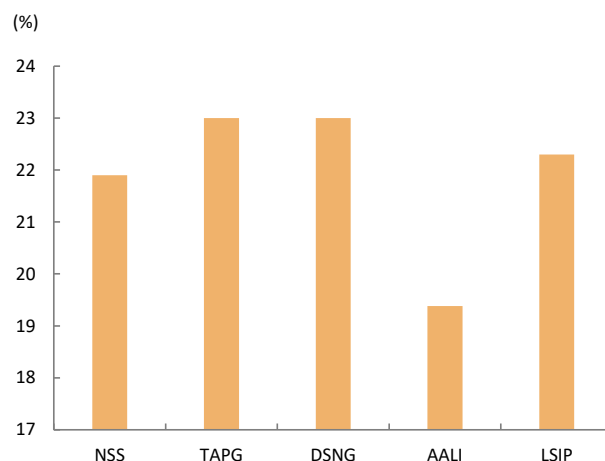
In terms of productivity, NSS recorded a lower FFB yield of 16.3 tonnes/ha compared to the industry level of 16.8 tonnes/ha in 2021. As for Oil Extraction Rate (OER), NSS managed to achieve an OER of 21.9%, or at the same story as the industry level. Lower FFB yield is understandable, in our view, given the fact that NSS' age profile is still not at the prime age production level.

**Figure 14. FFB yield compared to peers**



Source: Company data, Mirae Asset Sekuritas Indonesia Research

**Figure 15. Oil extraction rate compared to peers**



Source: Company data, Mirae Asset Sekuritas Indonesia Research

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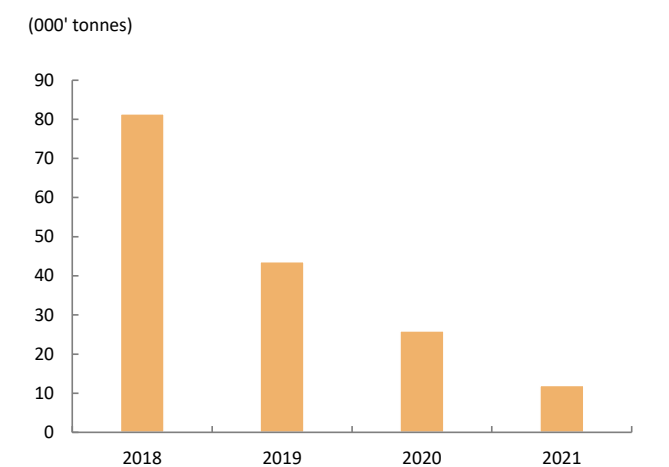
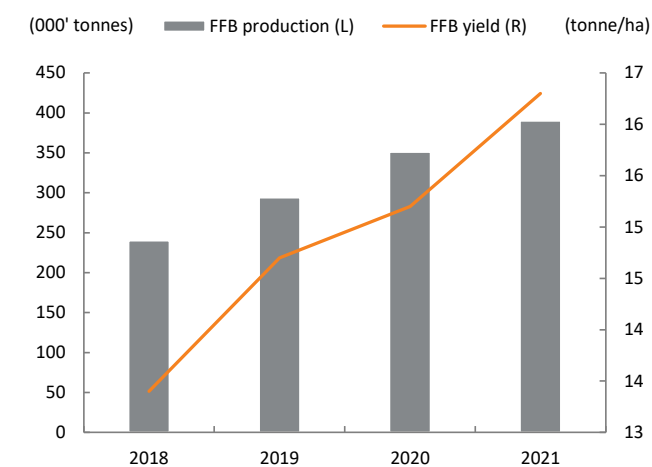


### Expecting high FFB production growth entering the prime age era

NSS has managed to record rapid growth in FFB production in the last few years, mainly driven by more plantations coming to the mature stage. As for 2021, NSS recorded a total planted area of 26,221 ha with a mature area of 23,982 ha (compared to 2018 with a planted area of 25,218 ha and a mature area of 17,389 ha). In addition, NSS completed its first CPO mill in 2016. With the rising trend of FFB production, NSS recorded a utilization rate of 112% in 2021F, compared to 89% in 2018. As the utilization rate has reached its peak, NSS gradually decreased its FFB purchased from third party.

To anticipate rising FFB production in the future, NSS initiated the ground-breaking process of its second CPO mill with 60 tph capacity in August 2021, which is expected to be completed in 3Q23. The second CPO mill is located at BSP with a total area of around 40 ha, along with an installed direct-piping system to a particular terminal. The estimated capex for the second CPO mill is up to ~IDR280bn.

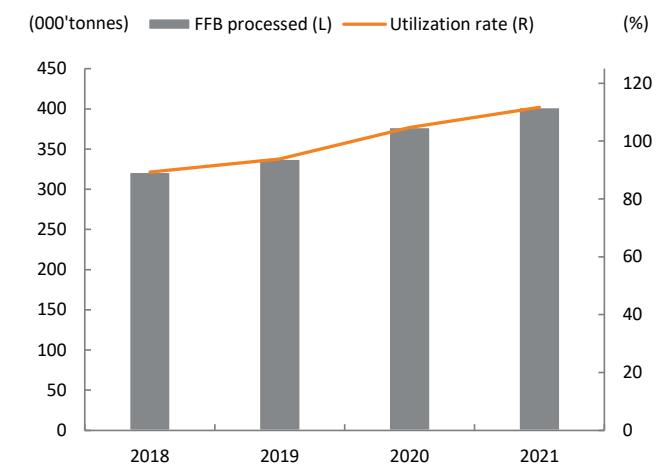
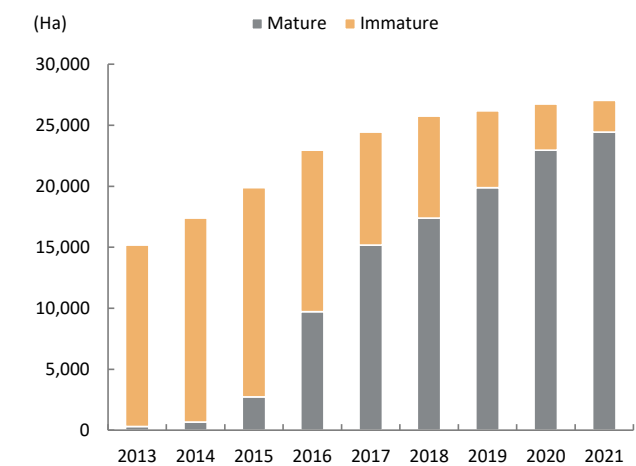
**Figure 16. NSS' FFB production trend** **Figure 17. NSS' FFB purchased from third-party trend**



Source: Company, Mirae Asset Sekuritas Indonesia Research

Source: Company, Mirae Asset Sekuritas Indonesia Research

**Figure 18. NSS' plantation profile** **Figure 19. NSS' utilization rate trend**

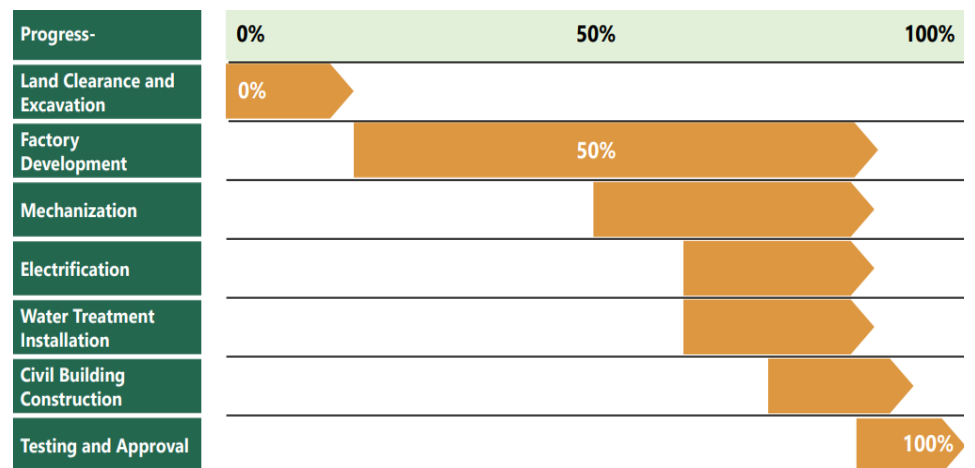


Source: Company, Mirae Asset Sekuritas Indonesia Research

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**Figure 20. NSS' second CPO mill progression completion**



Source: Company data, Mirae Asset Sekuritas Indonesia Research

**Figure 21. Development progress of NSS' second mill**



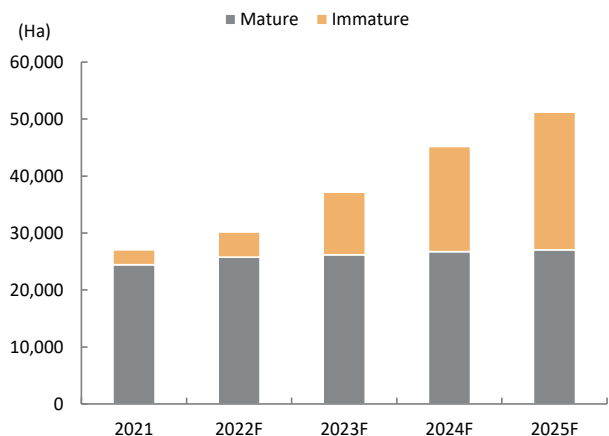
Source: Company data, Mirae Asset Sekuritas Indonesia Research

### Massive expansion in the long-run

NSS has a massive expansion project in its pipeline for the following years. Regarding the planted areas, NSS plans to develop ready-to-use areas of 20k ha with average planting of 5k ha per year. As a result, we expect to see the nucleus area increase to 46k ha by 2025.

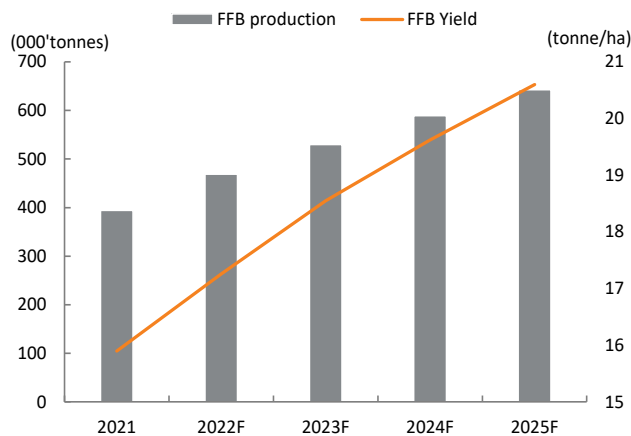
In addition, NSS plans to increase its mill capacity to maximize its robust production growth. By 2030, the company is expected to add 3 new mills. With the development of the new mills, NSS' CPO production capacity will increase by 2.3x, translating into a CPO production capacity of 270 tonnes per hour (2021: 60 tonnes per hour).

Figure 22. NSS' planted area profile



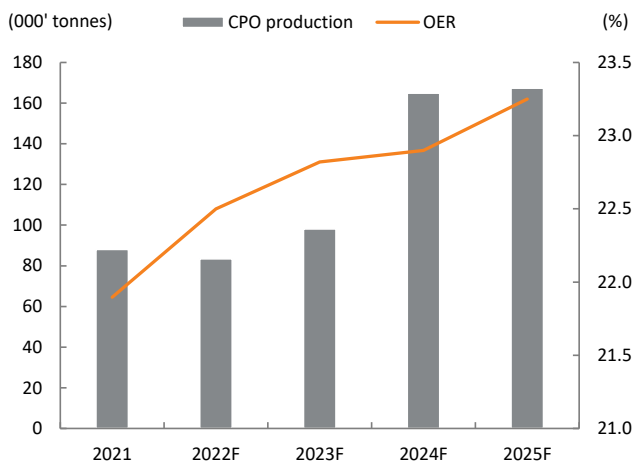
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 23. NSS' FFB production trend



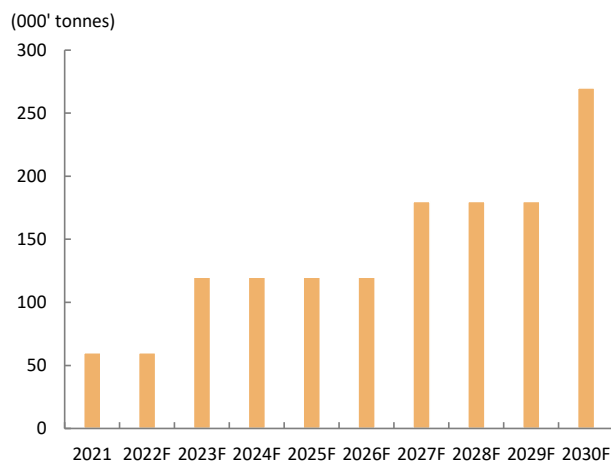
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 24. NSS' CPO production trend



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 25. NSS' CPO mill capacity trend



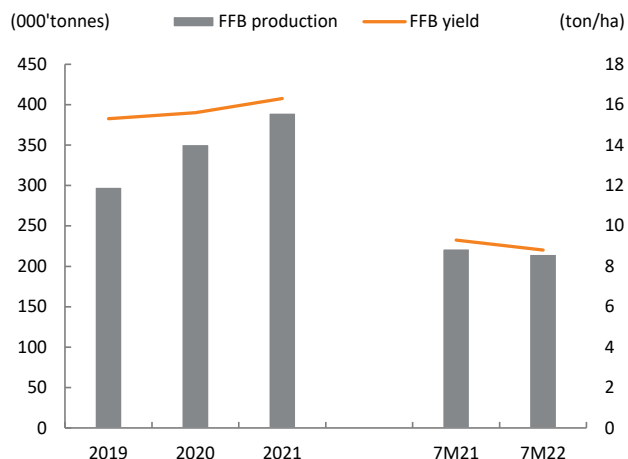
Source: Company data, Mirae Asset Sekuritas Indonesia Research

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### Latest operational data

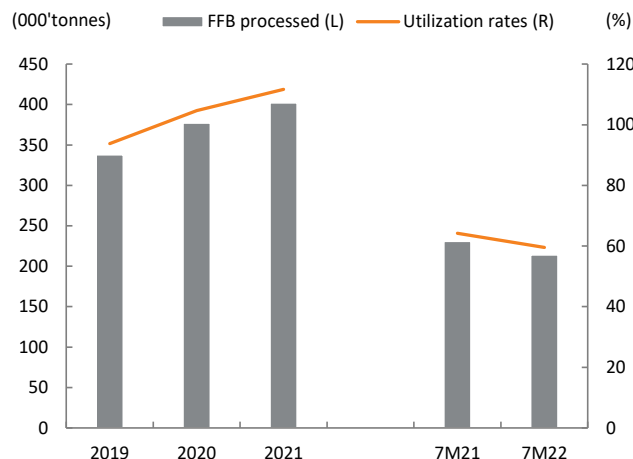
Due to unfavorable weather condition, as we previously mentioned, NSS' FFB production decreased slightly by 3.2% YoY from 222.2k tonnes in 7M21 to 215.4k tonnes in 7M22. FFB yield as of 7M22 was also down by 50 ppt, leading to a decrease of FFB processed (-7.4% YoY). Note that this ultimately led to lower CPO and Palm Kernel Oil production in 7M22 by around 10% YoY. On a positive note, both oil extraction rate (OER) and kernel extraction rate (KER) were relatively stable compared to the previous year's figures at 21.5% (vs. 22.1% in 7M21) and 4.0% (vs. 4.2% in 7M21), respectively.

Figure 26. NSS' FFB production and yields



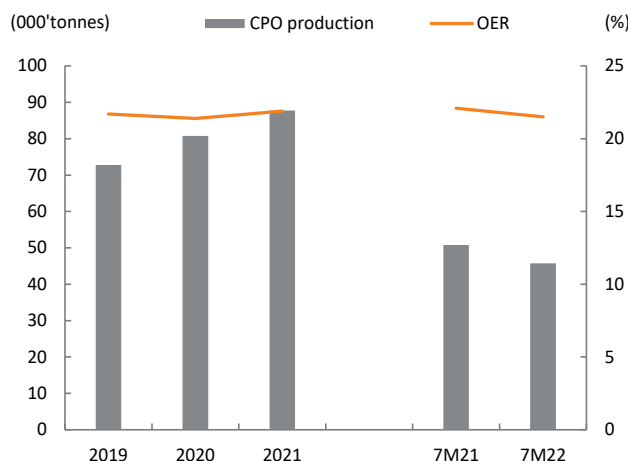
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 27. NSS' FFB processed & utilization rates



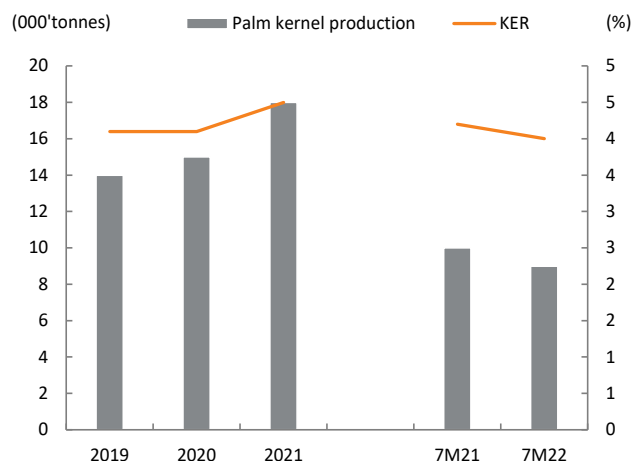
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 28. NSS' CPO production and OERs



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 29. NSS' palm kernel production and KERs



Source: Company data, Mirae Asset Sekuritas Indonesia Research

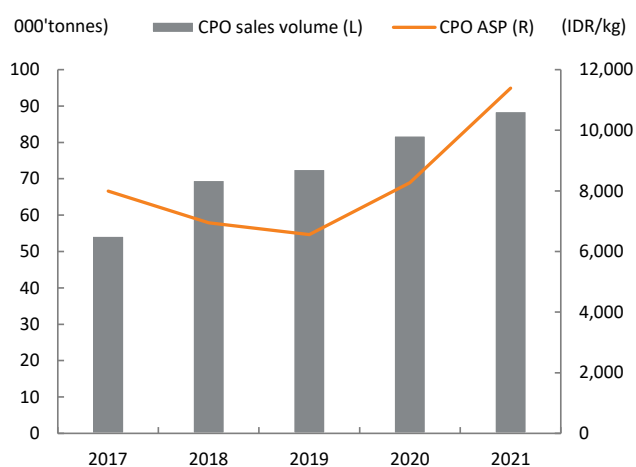
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## NSS' financial outlook

### Higher earnings in 2021, backed by higher volume and ASP

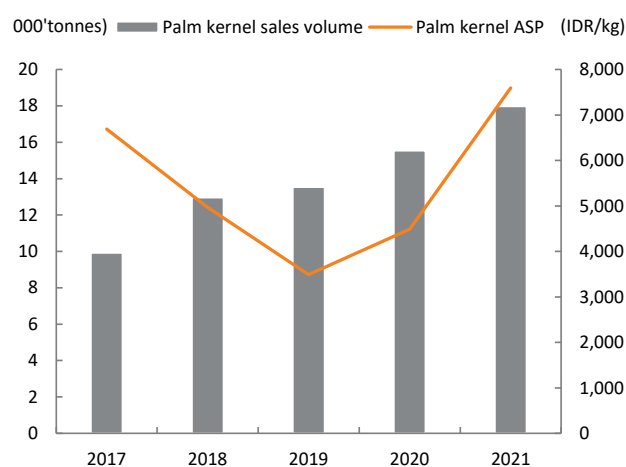
As of 2021, the company managed to record significantly higher net income amounting of IDR245bn (+1162.5% YoY). Such achievement was driven by higher revenue in 2021 of IDR1.1tn (+53.8% YoY). Higher revenue in 2021 was primarily backed by higher ASP by 35.3% to IDR11,390/kg coupled with higher CPO sales volume of 88.5k tonnes (+8.2% YoY). NSS' significant revenue growth also led to substantial margin expansion in 2021 compared to 2020, where GPM, OPM and NPM in 2021 was at 49.8%, 44.1%, and 21.4%, respectively (vs. 29.4%, 21.4%, and 2.6%, respectively).

Figure 30. CPO sales volume and ASP trend



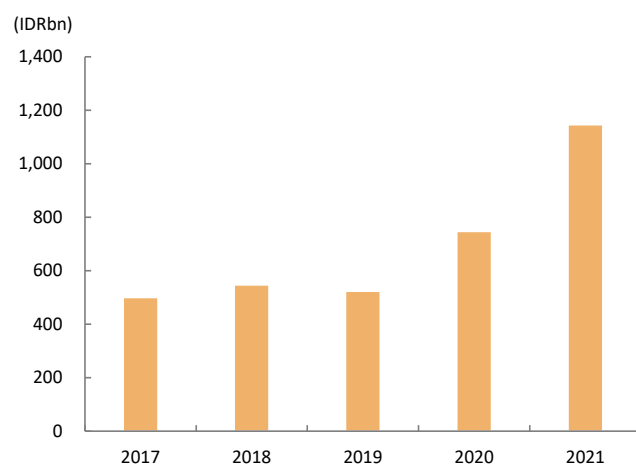
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 31. Palm kernel sales volume and ASP trend



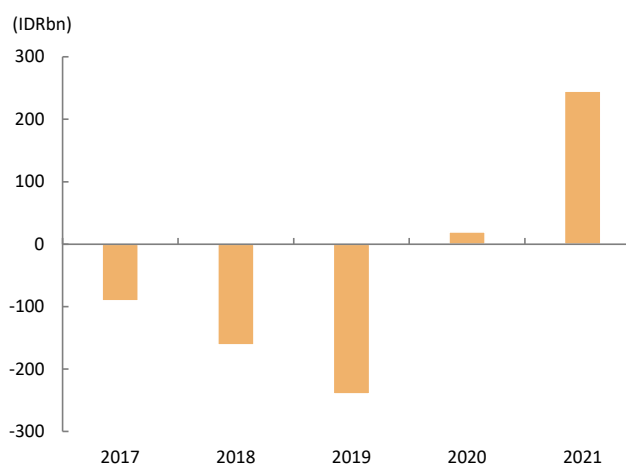
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 32. NSS' revenue trend



Source: Company data, Mirae Asset Sekuritas Indonesia Research

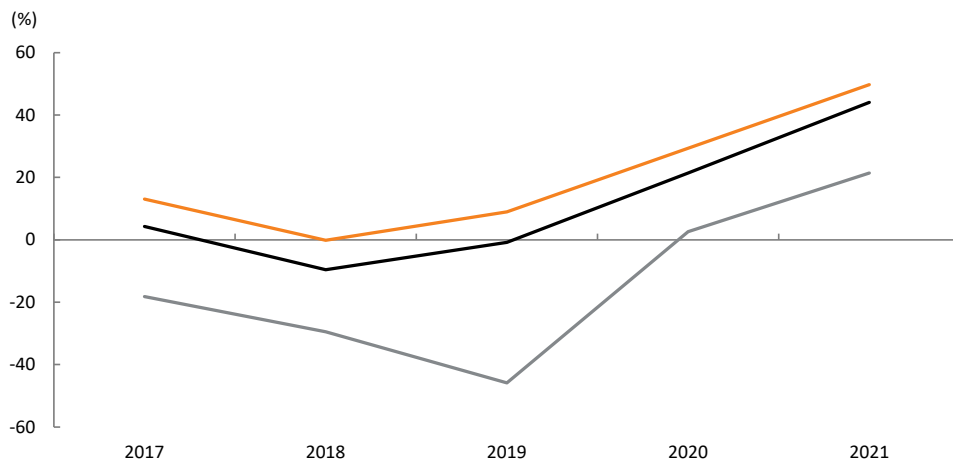
Figure 33. NSS' net income trend



Source: Company data, Mirae Asset Sekuritas Indonesia Research

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**Figure 34. NSS' margin trend**

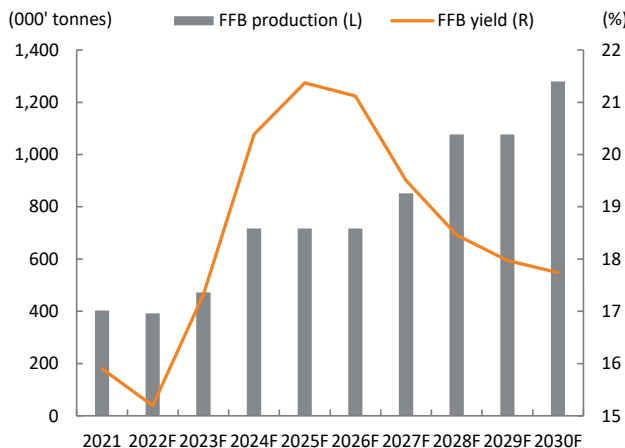


Source: Company data, Mirae Asset Sekuritas Indonesia Research

**Expecting high teens revenue CAGR of around 14.4% from 2021-30F**

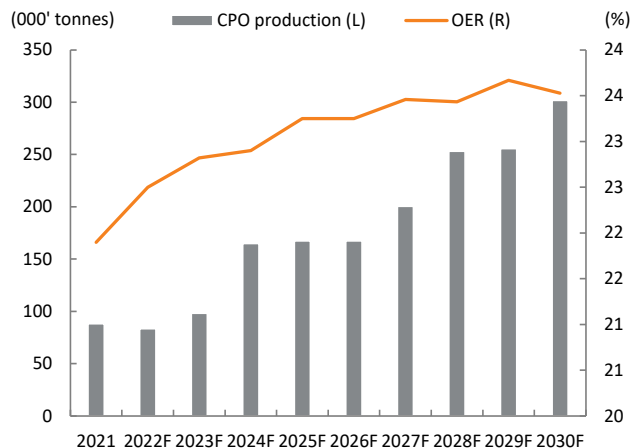
We estimate NSS revenue will grow by 14.4% CAGR in 2021-30F to IDR3.8tn, supported by: 1) higher FFB production as nucleus area will be expanded by 5k ha yearly, coupled with higher CPO production capacity, backed by addition of 3 new mills by 2030; and 2) higher CPO & FFB yield, as NSS' plantation profile is entering prime age level. As for ASP, we assume that it will hover around IDR11,000-12,000/kg going forward, considering the tight global CPO supply which may not drive prices to the pre-pandemic level.

**Figure 35. NSS' CPO production trend**



Source: Company data, Mirae Asset Sekuritas Indonesia Research

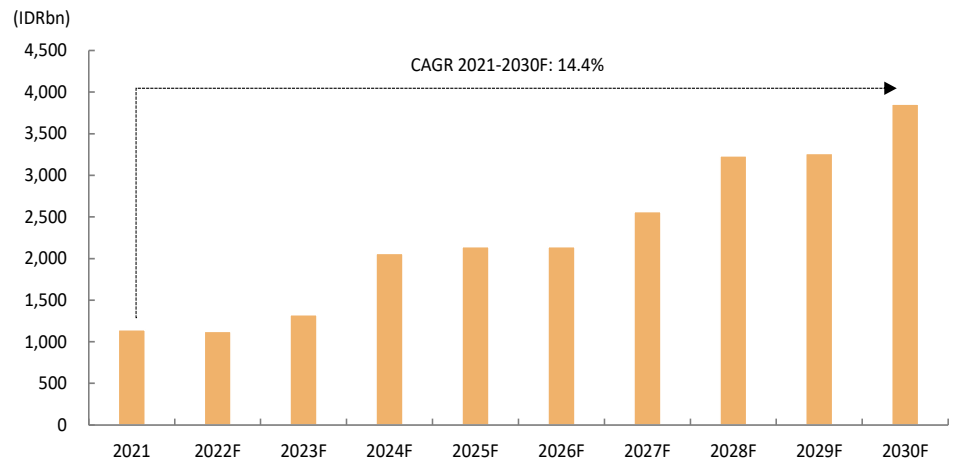
**Figure 36. NSS' CPO production trend**



Source: Company, Mirae Asset Sekuritas Indonesia Research

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**Figure 37. Expected revenue trend**

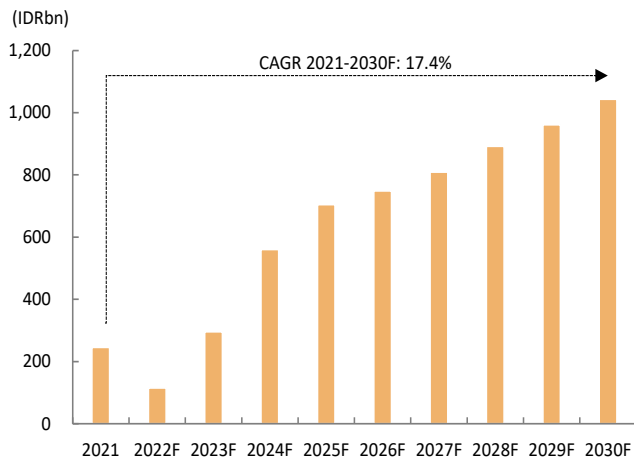


Source: Company data, Mirae Asset Sekuritas Indonesia Research

**Bottomline to increase significantly; margins to remain stable**

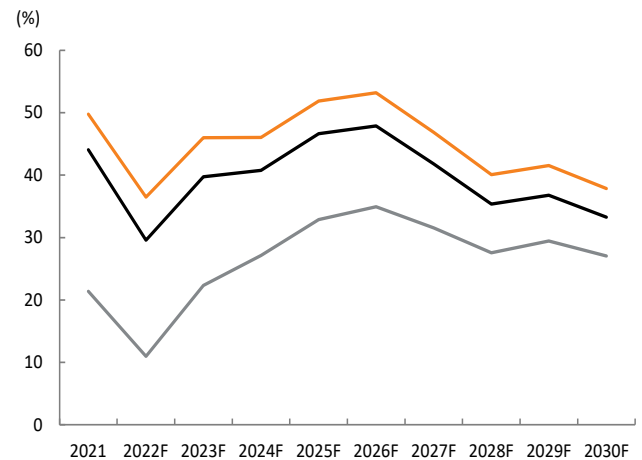
With the volume- and ASP-backed revenue growth, we expect NSS to also grow significantly from 2021-30F as margins should expand starting 2021 as well as remain relatively stable going forward. We estimate NSS’ net profit to grow by 17.4% CAGR from 2021-30F with an average GPM, OPM and NPM from the respective year of around 45%, 40%, and 27%.

**Figure 38. Expected net income trend**



Source: Company data, Mirae Asset Sekuritas Indonesia Research

**Figure 39. expected GPM, OPM, and NPM trend**



Source: Company data, Mirae Asset Sekuritas Indonesia Research

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## Valuation

### Valuation range of IDR2.97tr-IDR3.83tr

We value NSS using blended valuation of 10-year DCF valuation and P/E multiple of 5.6x- 6.3x to arrive at fair value of IDR2.97tr – IDR3.83tr.

For DCF, we use WACC of 11.2% based on cost of equity of 15.0% (46.9%) and cost of debt of 7.8% (53.1%). We are using beta of 1.8x with risk-free rate of 6.2%, which is the yield of 10-year government bond and a market risk premium of 3.0%. The differences between our low- & high-base valuation for our DCF assumption lies on CPO price of USD1,000/tonnes and USD1,100/tonnes, respectively.

**Table 1. Discounted Cash Flow summary and assumption**

DCF Summary		WACC assumption	
Cost of debt	10%	Cumulative PV of FCF (IDR bn) (low)	3,903
Tax rate	22%	Cumulative PV of FCF (IDR bn) (high)	5,045
After-tax cost of debt	7.8%	Perpetuity growth rate	3%
		PV of terminal value (IDR bn) (low)	3,575
Risk-free rate	6.2%	PV of terminal value (IDR bn) (high)	4,628
Market risk premium	3.0%	Net debt (IDR bn) (low)	1,167
Unlevered beta	0.94	Net debt (IDR bn) (high)	1,167
Cost of equity	15.0%	Implied equity value (IDR bn) (low)	2,973
WACC	11.2%	Implied equity value (IDR bn) (high)	3,839

Source: Mirae Asset Sekuritas Indonesia Research

As for P/E multiple method, we use P/E of 5.6x -6.3x. Our P/E multiple target is based on 20%-10% discount to average multiple of its peers-average multiple of its peers in regional according to Bloomberg consensus'. We give discount to our multiple to factor in NSS relatively smaller size of planted areas and early stage of development compared to peers.

**Table 2. Domestic peers multiple comparison**

	Ticker	23F P/E
Triputra Agro Persada	TAPG	4.9
Dharma Satya Nusantara	DSNG	6.2
Astra Agro Lestari	AALI	8.3
Perusahaan Perkebunan London Sumatra Indonesia	LSIP	7.8
Sumber Tani Agung Resources	STAA	7.8
<b>Average</b>		<b>7.0</b>

Source: Mirae Asset Sekuritas Indonesia Research

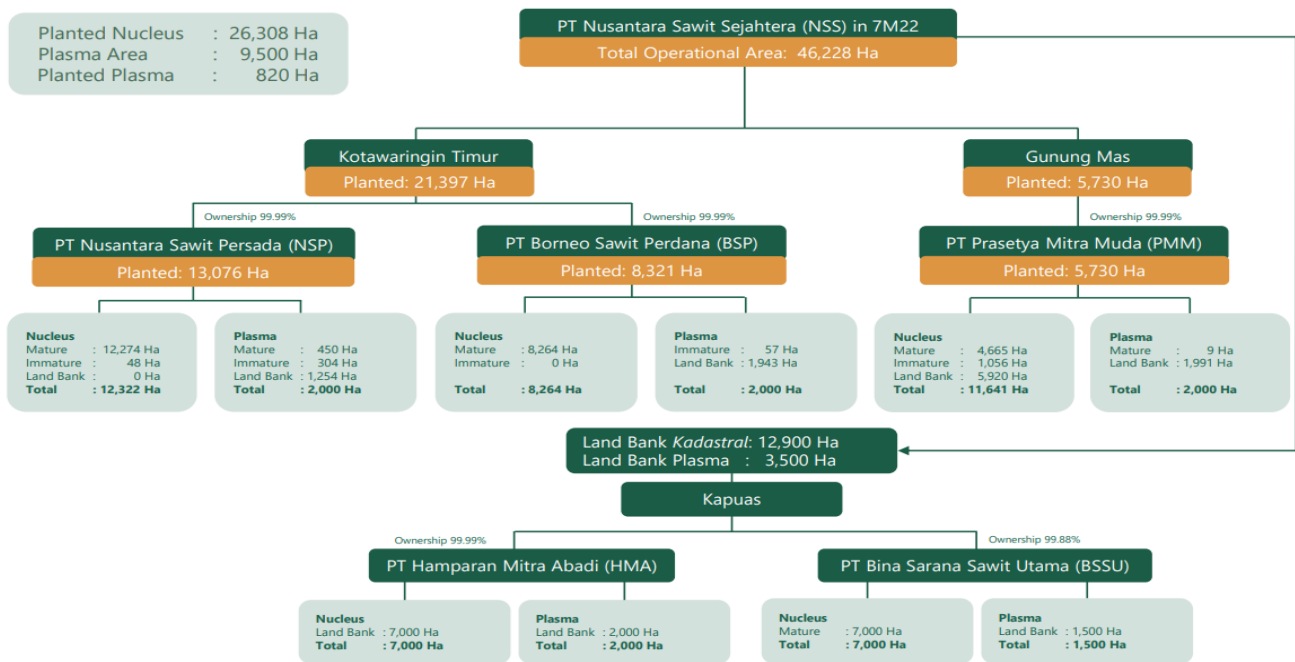


## Company at a glance

Established in 2008, NSS is an integrated upstream plantation company in Central Kalimantan, in East Kotawaringin Regency, Gunung Mas Regency, and Kapuas Regency. As of 2021, NSS owns oil palm plantations with a planted area of 27,043 ha consisting of 26,231 ha of nucleus planted area and 812 ha of plasma area.

In addition, NSS also owns a palm oil processing plant that processes FFB harvested from its plantations and purchases from third parties into CPO and PK.

Figure 40. NSS' group structure



Source: Mirae Asset Sekuritas Indonesia Research, Company

Table 3. NSS' planted areas

No	Company	Location	Planted areas
1	PT Nusantara Sawit Persada (NSP)	East Kotawaringin, Central Kalimantan	13,076 ha
2	PT Borneo Sawit Perdana (BSP)	East Kotawaringin, Central Kalimantan	8,321 ha
3	PT Prasetya Mitra Muda (PMM)	Gunung Mas	5,730 ha

Source: Company data, Mirae Asset Sekuritas Indonesia Research

## Business product

### Fresh Fruit Bunch (FFB)

The results of oil palm plantations in the form of FFB can be harvested after 4 years of planting. FFB harvested from mature palm trees usually weighs more than 3.5 kg per bunch and increases gradually as the plant ages until it reaches an average weight of 30 kg. Furthermore, FFB will be transported by truck to the palm oil mill to be processed into CPO and PK.

**Figure 41. NSS' FFB harvesting activity and samples**



Source: Company data, Mirae Asset Sekuritas Indonesia Research

### Crude Palm Oil (CPO) & Palm Kernel

Milling of FFB takes place within 24 hours from the harvesting. They are initially transferred to the palm oil mills for sterilization by applying high-pressure steam. At this point, the palm fruits are enzyme-deactivated and separated from the palm bunches. After steaming, the palm fruits are crushed in a pressing machine to obtain CPO and palm kernel. Waste and water are then purified and separated from the CPO through a centrifuge. The filtered crude palm oil emerging from the centrifuge is then sent for refining, while the palm kernel nut is sent for crushing. The empty fruit bunches and liquid waste from the processing are recycled as fertilizer in the plantations.

The CPO and PK that the company has produced will then enter the storage and delivery stage. CPO will be stored in 2 tanks with a total capacity of 6,000 tonnes and then sent to ships that dock at the company's terminal through a pipeline system, while PK will be loaded on trucks to be sent to the buyer's warehouse.

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## Management team



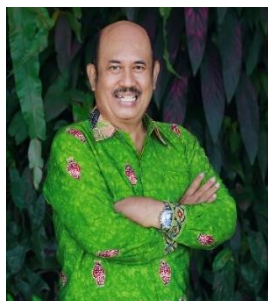
**Ester Hartati Satyono**  
**President Commissioner**

Indonesian citizen, 66 years old. Mrs. Ester Hartati Satyono completed her Bachelor's program at the University of San Francisco and earned her Bachelor of Science degree in 1975. Currently, she serves as the President Commissioner of the company since 2008. She is also the CEO of PT Indonesia Mariculture Industries (2009–present). Previously, she was the Regional Marketing Director of Venus Marketing Services Pte Ptd (1976–1983), President Director of PT Oceans Mitramas (1992–2006).



**Robiyanto**  
**Commissioner**

Indonesian citizen, 45 years old. Mr. Robiyanto completed a Doctoral program in Economics, Faculty of Economics and Business at Diponegoro University in 2015 and Doctoral program in Environmental Sciences, Faculty of Environmental Science and Technology at Soegijapranata Catholic University in 2021. Now, he serves as Commissioner of the company since 2021. He is also still pursuing his career as an Extraordinary Lecturer in Master of Management at Diponegoro University (2016–present), Extraordinary Lecturer in Master in Management at Soegijapranata Catholic University Semarang (2016–present), Extraordinary Lecturer in Masters in Accounting at Soegijapranata Catholic University Semarang (2017–present), and Committee Audit of PT Polytama Propindo (2020–present).



**Rachmat Pambudy**  
**Independent Commissioner**

Indonesian citizen, 62 years old. Mr. Rachmat Pambudy completed his Doctoral program majoring in Development Extension Studies at the Bogor Agricultural Institute in 1999. Currently, he serves as Independent Commissioner of the company since 2020. Besides, he also serves as Structural Officer of the Ministry of Agriculture (2004–present), Vice Chairman of the Board of Trustees Association of Indonesian Farmers Harmony (HKTI) (2015–present), and Founder and Expert Council of the NGO Agricultural Monitoring and Monitoring Committee (KP3I) (2016–present).



**Teguh Patriawan**  
**President Director**

Indonesian citizen, 73 years old. Mr. Teguh Patriawan completed his Master's program at the PPM Institute in 1991. Now, he serves as the company's President Director since 2008. Prior to leading the company to date, he served as Head of the Bilateral Cooperation Sub Division, Planning Bureau of the Ministry of Forestry (1981–1984), General Manager and Director of Sola Gratia Group (1981–1986), President Director of Surya Dumai Group (1986–1993), and CEO of PT Binasawit Abadipratama (1993–2008).

**Kurniadi Patriawan****Director**

Indonesian citizen, 34 years old. Mr. Kurniadi Patriawan graduated from the University of California with a Bachelor of Science degree in 2010. Currently, he serves as Director of the company since 2021. Previously, he started his career at the company as Assistant to the President Director (2011–2016), Manager of Trading (2016–2021).

**Miniwati Kasmita****Director**

Indonesian citizen, 56 years old. Mrs. Miniwati Kasmita graduated from the Bachelor program at the Faculty of Economics, Unika Atmajaya in 1990. Now, she serves as Director of the company since 2017. Previously, she pursued her career as Accounting at Dharma Samudera Fishing Industries (1989–1990) and AVP Accounting at PT Sinar Mas Agro Resources Tbk (1990–2016).

## PT Nusantara Sawit Sejahtera Tbk

## Comprehensive Income Statement (Summarized)

(IDRbn)	12/20	12/21	12/22F	12/23F
<b>Revenue</b>	747	1,147	1,125	1,326
COGS	-528	-576	-725	-716
<b>Gross profit</b>	219	571	400	610
Opex	-60	-65	-88	-83
<b>Operating profit</b>	160	505	313	527
EBITDA	271	622	418	661
Other income / (expenses)	-184	-171	-220	-152
<b>Profit before income tax</b>	-24	334	93	375
Income tax expenses	44	-89	-21	-83
Other comprehensive income	0	0	0	0
Minority interest	0	0	0	0
<b>Net profit</b>	19	245	72	293

## Margin (%)

Gross margin	29.4	49.8	35.6	46.0
EBITDA margin	36.3	54.3	37.1	49.8
Operating margin	21.4	44.1	27.8	39.8
Net margin	2.6	21.4	6.4	22.1

## Growth (%)

Revenue	42.7	53.5	-1.9	17.9
Operating profit	NM	216.4	-38.2	68.7
EBITDA	207.9	129.7	-32.9	58.2

## Cash Flows (Summarized)

(IDRbn)	12/20	12/21	12/22F	12/23F
<b>Cash Flows from Op. Activities</b>	234	525	443	652
EBITDA	19	245	115	296
Change in Working Capital	132	159	198	247
Others	-36	-97	9	-11
<b>Cash Flows from Inv. Activities</b>	119	218	121	121
Capex	1	34	-55	-253
Others	23	-5	-101	-146
<b>Cash Flows from Fin. Activities</b>	-22	40	46	-106
Change in financial liabilities	-240	-410	-258	-912
Change in Equity	10	-172	-453	-232
Dividends paid	-27	-246	-859	-296
Others	0	0	0	0
Increase (Decrease) in Cash	-223	8	1,054	-384
Beginning balance	-4	150	130	-513
<b>Ending balance</b>	46	42	191	322

Note: Net profit refers to net profit attributable to controlling interests

Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

## Statement of Financial Condition (Summarized)

(IDRbn)	12/20	12/21	12/22F	12/23F
<b>Current assets</b>				
Cash & equivalents	42	191	398	174
Receivables	14	22	18	21
Inventories	39	90	73	72
Others	48	95	104	105
Total current assets	143	397	592	372
<b>Non-current assets</b>				
Fixed assets - net	536	542	642	789
Others	2,076	2,036	1,990	2,096
Total non-current assets	2,612	2,578	2,632	2,885
<b>Total assets</b>	<b>2,755</b>	<b>2,975</b>	<b>3,225</b>	<b>3,258</b>
<b>Current liabilities</b>				
Account payables	120	105	128	126
ST financials	100	0	0	0
Other current liabilities	134	258	136	117
Total current liabilities	353	363	264	243
<b>Non-current liabilities</b>				
Long-term financial liabilities	2,062	1,990	1,537	1,305
Others non-current liabilities	26	63	48	41
Total non-current liabilities	2,088	2,053	1,584	1,346
<b>Total liabilities</b>	<b>2,442</b>	<b>2,416</b>	<b>1,849</b>	<b>1,589</b>
Capital stock/ APIC	1,012	1,012	1,012	1,012
Retained earnings	-699	-453	-381	-88
Minority interests	0	0	0	0
others	1	1	745	744
<b>Total equity</b>	<b>313</b>	<b>559</b>	<b>1,376</b>	<b>1,669</b>

## Forecasts/Valuations (Summarized)

	12/20	12/21	12/22F	12/23F
Accounts Receivable Turnover (x)	5.0	5.7	5.7	5.7
Inventory Turnover (x)	32.9	36.9	36.9	36.9
Accounts Payable Turnover (x)	92.5	64.4	64.4	64.4
ROA (%)	0.7	8.2	2.2	9.0
ROE (%)	6.2	43.9	5.2	17.6
Current Ratio (x)	0.4	1.1	2.2	1.5
Quick ratio (x)	0.4	1.1	2.2	1.5
Gross debt/ equity (x)	7.1	3.9	1.2	0.8
Net gearing (x)	7.0	3.5	0.9	0.7

# APPENDIX 1

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