

## BUY (Maintain)

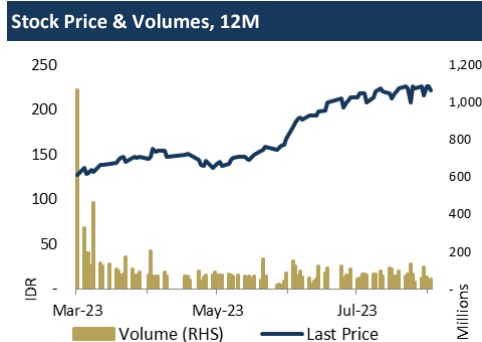
**Target Price (IDR)** 265 (from 200)  
**Potential Upside (%)** 19.4

Price Comparison	
Cons. Target Price (IDR)	177
SSI vs. Cons. (%)	149.7

Stock Information	
Last Price (IDR)	222
Shares Issued (Mn)	23,788
Market Cap. (IDR Bn)	5,043
52-Weeks High/Low (IDR)	230/126
3M Avg. Daily Value (IDR Bn)	14.6
Free Float (%)	43.1

Shareholder Structure:	
PT Mitra Agro Dharma (%)	37.2
Ir. Teguh Patriawan (%)	14.5
Others Non-Public (%)	27.4
Public (%)	20.9

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	N/A	(2.8)	54.7	N/A
JCI Return	0.5	1.3	1.9	(3.9)
Relative	N/A	(4.0)	52.8	N/A



**Company Background**  
NSSS merupakan emiten hulu sawit terintegrasi dengan 5 perkebunan kelapa sawit di Kalimantan Tengah. NSSS memiliki cadangan lahan siap pakai yang cukup besar untuk mendukung produk minyak sawit berkualitas tinggi. NSSS memiliki struktur kepemimpinan yang kuat dengan kerangka standar operasi yang tinggi.

**Yosua Zisokhi**  
+62 21 2854 8387  
[Yosua.zisokhi@samuel.co.id](mailto:Yosua.zisokhi@samuel.co.id)

**Daniel A. Widjaja**  
+62 21 2854 8322  
[Daniel.aditya@samuel.co.id](mailto:Daniel.aditya@samuel.co.id)

## Double Capacity, Double Performance

**Pabrik CPO kedua segera beroperasi.** Pabrik kelapa sawit kedua milik NSS di kebun kedua (BSP) akan selesai dan beroperasi dalam beberapa bulan mendatang. Saat ini progres pembangunan sudah sudah mendekati akhir, dimana bangunan sudah selesai dikerjakan sedangkan mekanikal dan elektrikal sedang proses instalasi dan mulai beroperasi di Oktober 2023. Pabrik baru ini berkapasitas total 60 tph, sehingga total kapasitas CPO mill milik NSS akan naik 2x lipat menjadi 120 tph. Pabrik baru ini dikhususkan untuk mengakomodasi pemrosesan TBS dari kebun kedua NSS untuk dijual sebagai CPO, pada 1H23 kebun BSP telah menghasilkan 69 juta ton TBS, dimana sebagian dikirim ke pabrik pertama di NSP dan sebagian dijual sebagai TBS saja. Sama seperti pabrik pertama, pabrik baru ini dilengkapi juga dengan sistem pipa dan memiliki terminal khusus yang dapat mempercepat transportasi CPO dari mill ke tongkang milik pembeli CPO. Hal ini tentu akan membuat permintaan CPO dari pabrik baru ini terjaga.

**Pentingnya pabrik baru ini.** Saat ini produksi TBS NSSS terus meningkat, dimana sepanjang 2Q23 total TBS inti yang diproduksi naik +21.0% yoy, +29.4% qoq. Dikarenakan kapasitas pabrik yang terbatas, NSS hanya bisa memproses 91.6% dari total TBS yang diproduksi (inti dan plasma). TBS yang tidak tertampung akhirnya dijual, sekitar 9,661 ton TBS yang dijual pada 2Q23 (+38.6% qoq, 204.4% yoy) dan secara total 1H23 terjual 16.632 ton TBS, meningkat +424.0% yoy. Ini setara dengan IDR 30.9 miliar penjualan (5.8% total penjualan 1H23 dengan ASP IDR 1.86 mn/ton). Hal ini tentu membuat perusahaan kehilangan kesempatan untuk menjual produk value-added seperti CPO dan Kernel. Jika NSSS telah mengoperasikan pabrik keduanya, maka TBS yang dihasilkan akan mudah diproses menjadi CPO dan kernel yang memiliki ASP IDR 11.0 mn/ton dan IDR 5.2 mn/ton. Dengan asumsi 22% COPER dan 4.6% KER seperti yang terjadi di 2Q23, maka NSS kehilangan kesempatan untuk mendapat IDR 44.2 miliar, +43% lebih tinggi dibandingkan IDR 30.9 miliar penjualan TBS. Hal ini cukup menggambarkan seberapa pentingnya pembuatan pabrik baru, selain ekspansi lahan.

**Didukung dengan umur tanaman yang masih muda.** Kami menilai pada tahun FY23F dan FY24F, produksi TBS NSSS dapat tumbuh masing-masing +17.9% yoy dan +23.6% yoy. Di sisi lain, dengan beroperasinya pabrik kedua di awal 4Q23, maka produksi CPO FY23F akan meningkat +22.0% yoy, dan pada FY24F akan meningkat +67.9% yoy yang didukung utilisasi penuh pabrik kedua dan semakin prima umur tanaman BSP yang meningkatkan banyaknya volume dan kualitas TBS yang akan diproses. Dengan asumsi ASP yang flat, kenaikan produksi tersebut akan membantu pendapatan NSSS di FY23F dan FY24F untuk tumbuh masing-masing +17.4% yoy dan +56.2% yoy, serta EBITDA +21.3% yoy dan +62.9% yoy.

**BUY, TP IDR 265 (EV USD 17,023/HA).** Didukung faktor-faktor diatas, serta manajemen yang kompeten di industri CPO, Kami mempertahankan rekomendasi BUY untuk saham NSSS dengan TP IDR 265/saham, yang menyiratkan EV/HA sebesar USD 17,023 (~10% di bawah rata-rata tertimbang EV/HA regional). Risiko: perubahan kebijakan global terkait CPO dan minyak bumi, serta anomali cuaca yang mempengaruhi harga CPO dan minyak nabati lainnya.

Valuations (at closing price IDR 222 per share)					
Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	1,147	1,134	1,331	2,078	2,107
EBITDA (IDR Bn)	622	456	553	901	1,057
EV/EBITDA (x)	6.8	14.6	12.4	7.7	6.6
Net Profit (IDR Bn)	245	70	171	429	554
EPS (IDR)	24	3	7	18	23
EPS Growth (%)	n/a	(85.7)	112.6	144.3	29.1
P/E Ratio (x)	9.3	65.1	30.6	12.5	9.7
BVPS (IDR)	21	24	27	29	31
P/BV Ratio (x)	4.1	7.3	4.2	3.5	2.8
DPS (IDR)	-	-	-	129	166
Dividend Yield (%)	-	-	-	2.4	3.1
ROAE (%)	56.2	11.1	18.3	30.8	31.9
ROAA (%)	8.6	2.3	5.1	11.4	14.2
Interest Coverage (x)	2.5	1.7	2.4	4.5	6.1
Net Gearing (x)	3.5	3.3	1.3	1.0	0.8

**Table 1. 1H23 Results**

NSSS (IDR Bn)	2Q22	1Q23	2Q23	QoQ (%)	YoY (%)	1H22	1H23	YoY (%)
<b>Revenue</b>	308	243	289	18.7	-6.2	595	532	-10.6
<b>Gross Profit</b>	119	31	67	115.3	-43.5	284	98	-65.4
<b>Operating Profit</b>	60	(15)	57	N/A	-6.3	230	41	-82.0
<b>EBITDA</b>	69	(6)	66	N/A	-3.4	247	60	-75.6
<b>Net Profit</b>	(8)	(61)	4	N/A	N/A	86	(57)	N/A
<b>Gross Margin</b>	38.6%	12.8%	23.2%	10.4%	-15.4%	47.7%	18.5%	-29.3%
<b>Operating Margin</b>	19.6%	-6.2%	19.6%	25.8%	0.0%	38.7%	7.8%	-30.9%
<b>EBITDA Margin</b>	22.3%	-2.5%	23.0%	25.5%	0.7%	41.4%	11.3%	-30.1%
<b>Net Margin</b>	-2.5%	-25.0%	1.4%	26.4%	3.9%	14.5%	-10.7%	-25.2%
<b>Sales Performance</b>	<b>2Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>1H22</b>	<b>1H23</b>	<b>YoY (%)</b>
CPO (tons)	19,954	18,502	23,036	24.5	15.4	35,959	41,538	15.5
PK (tons)	3,592	3,683	4,861	32.0	35.3	6,851	8,544	24.7
FFB (tons)	3,174	6,971	9,661	38.6	204.4	3,174	16,632	424.0
<b>ASP</b>	<b>2Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>1H22</b>	<b>1H23</b>	<b>YoY (%)</b>
CPO (IDR/kg)	13,818	11,366	10,683	-6.0	-22.7	14,318	10,987	-23.3
PK (IDR/kg)	8,967	5,440	5,096	-6.3	-43.2	10,547	5,244	-50.3
FFB (IDR/kg)	2,596	1,867	1,854	-0.7	-28.6	2,596	1,860	-28.4

Source: Company, SSI Research

**Table 2 Valuation**

Company	Ticker	Market Cap (Mn USD)	Total Planted Area (HA)	EV/HA (USD)
<b>Indonesia</b>				
Astra Agro Lestari	AALI	963	214,815	5,458
Sawit Sumbermas Sarana	SSMS	718	81,863	12,781
Triputra Agro Persada	TAPG	732	138,400	5,689
Sumber Tani Agung	STAA	607	49,618	13,404
PP London Sumatra	LSIP	458	91,602	2,031
Dharma Satya Nusantara	DSNG	405	84,600	8,475
<b>Malaysia</b>				
IOI Corp	IOI	5,622	176,980	34,007
Kuala Lumpur Kepong	KLK	5,510	289,650	25,660
Genting Plantations	GENP	1,163	159,477	9,003
FGV Holdings	FGV	1,118	334,075	5,807
<b>Singapore</b>				
Golden Agri Resources	GGR	2,359	537,697	8,558
First Resources	FR	1,842	211,409	8,481.19
Bumitama Agri	BAL	729	187,628	5,430
<b>Weighted Average</b>				<b>18,915</b>
<b>NSSS</b>				
EV/HA (USD, 10% discount from Peers)		17,023		
TP (IDR/Share)		265		

Source: Companies, SSI Research

**Figure 1. NSSS' 2<sup>nd</sup> Palm Oil Mill Progress**



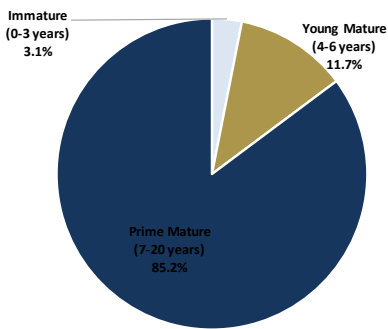
Source: SSI Research Documentation

**Figure 2. NSSS' 2<sup>nd</sup> Palm Oil Mill Progress**



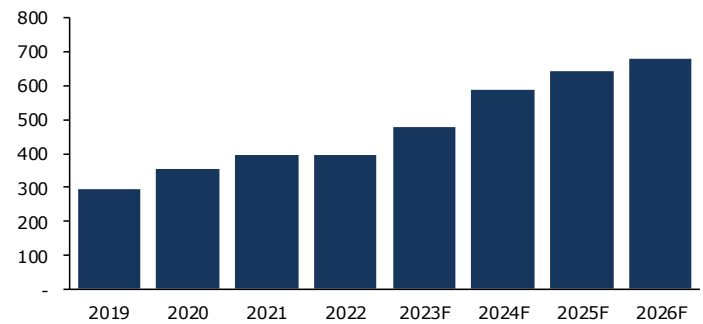
Source: SSI Research Documentation

**Figure 3. Age Profile**



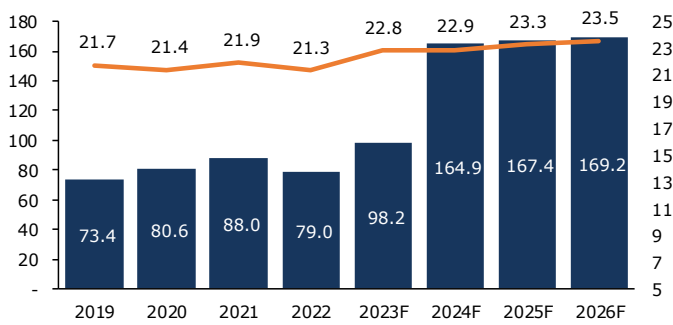
Source: Company, SSI Research

**Figure 4. NSSS' FFB Production**



Source: Company, SSI Research

**Figure 5. NSSS' CPO Production**



Source: Company, SSI Research

## Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenue	1,147	1,134	1,331	2,078	2,107
Cost of Revenue	(576)	(728)	(826)	(1,206)	(1,077)
<b>Gross Profit</b>	<b>571</b>	<b>406</b>	<b>505</b>	<b>872</b>	<b>1,030</b>
Operating Expense	(65)	(80)	(94)	(116)	(120)
G&A Expense	(37)	(49)	(61)	(64)	(67)
Selling & Marketing Expense	(28)	(31)	(33)	(52)	(53)
Others	-	-	-	-	-
<b>Operating Profit</b>	<b>505</b>	<b>326</b>	<b>411</b>	<b>756</b>	<b>910</b>
<b>EBITDA</b>	<b>622</b>	<b>456</b>	<b>553</b>	<b>901</b>	<b>1,057</b>
Interest Income	2	4	4	7	4
Interest Expense	(205)	(192)	(172)	(169)	(149)
Gain (Loss) on Asset	33	(3)	-	-	-
Other Income (Expense)	(0)	(10)	(10)	(10)	(10)
<b>Pre-tax Profit</b>	<b>334</b>	<b>124</b>	<b>233</b>	<b>585</b>	<b>755</b>
Taxes	(89)	(54)	(62)	(156)	(201)
Minority Interest	(0)	(0)	(0)	(0)	(0)
<b>Net Profit</b>	<b>245</b>	<b>70</b>	<b>171</b>	<b>429</b>	<b>554</b>

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash	191	40	495	413	82
Receivables	24	33	36	54	67
Inventory	90	160	92	135	120
Others	93	97	115	121	123
<b>Total Current Asset</b>	<b>397</b>	<b>331</b>	<b>738</b>	<b>722</b>	<b>392</b>
Net Fixed Asset	542	623	833	813	792
Other Assets	2,036	2,081	2,117	2,339	2,746
<b>Total Asset</b>	<b>2,975</b>	<b>3,035</b>	<b>3,688</b>	<b>3,874</b>	<b>3,930</b>
Payables	140	178	196	269	239
ST. Debt and CMLTD	166	109	164	150	128
Other Current Liabilities	57	50	58	55	47
<b>Current Liability</b>	<b>363</b>	<b>337</b>	<b>418</b>	<b>474</b>	<b>414</b>
LT. Debt	1,990	1,996	1,964	1,796	1,533
Other LT. Liabilities	63	72	64	61	52
<b>Total Liability</b>	<b>2,416</b>	<b>2,405</b>	<b>2,445</b>	<b>2,331</b>	<b>1,999</b>
Minority Interest	0	0	0	0	0
<b>Total Equity</b>	<b>559</b>	<b>630</b>	<b>1,243</b>	<b>1,543</b>	<b>1,931</b>

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	245	70	171	429	554
D&A	117	130	142	145	147
Changes in Working Capital	163	203	313	331	318
<b>Operating CF</b>	<b>525</b>	<b>403</b>	<b>626</b>	<b>904</b>	<b>1,019</b>
Capital Expenditure	999	(315)	(848)	(348)	(1,000)
Others	(965)	188	603	146	613
<b>Investing CF</b>	<b>34</b>	<b>(127)</b>	<b>(245)</b>	<b>(202)</b>	<b>(387)</b>
Dividend Paid	(90)	(150)	(108)	(115)	(133)
Net Borrowing	(408)	(162)	831	22	72
Others	89	(114)	(651)	(692)	(903)
<b>Financing CF</b>	<b>(410)</b>	<b>(427)</b>	<b>73</b>	<b>(785)</b>	<b>(964)</b>
<b>Net - Cash flow</b>	<b>150</b>	<b>(151)</b>	<b>455</b>	<b>(83)</b>	<b>(331)</b>
Adjustment	-	-	-	-	-
Cash at Beginning	42	191	40	495	413
<b>Cash at Ending</b>	<b>191</b>	<b>40</b>	<b>495</b>	<b>413</b>	<b>82</b>

Key Ratios					
Y/E Dec	21A	22A	23F	24F	25F
Gross Profit Margin (%)	49.8	35.8	37.9	42.0	48.9
Operating Margin (%)	44.1	28.7	30.9	36.4	43.2
Pretax Margin (%)	29.2	10.9	17.5	28.1	35.8
Net Profit Margin (%)	21.4	6.2	12.9	20.6	26.3
Revenue Growth (%)	53.5	(1.1)	17.4	56.2	1.4
EBITDA Margin (%)	54.3	40.2	41.6	43.3	50.2
EBITDA Growth (%)	126.3	(26.7)	21.4	62.9	17.4
Debt to Equity (x)	3.9	3.3	1.7	1.3	0.9

Key Assumption					
Y/E Dec	21A	22A	23F	24F	25F
Nucleus FFB Yield (Ton/Ha)	16.3	15.5	18.3	22.2	24.0
Mills Capacity (ktpa)	360	360	720	720	720
Nucleus CPOER	21.9	21.3	22.8	22.9	23.3

Figure 6. Peers Comparison

Company Ticker	Country	Company Ticker	Market Cap (USD Mn)	PER (x)		EV/EBITDA (x)		PBV (x)		ROE (%)	
				2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
FGV HOLDINGS BHD	MY	FGV MK	1,121	10.5	12.3	6.2	5.8	0.8	0.8	5.3	6.2
GENTING PLANTATI	MY	GENP MK	1,162	17.7	17.3	9.0	9.1	1.0	1.0	5.2	5.3
IOI CORP BHD	MY	IOI MK	5,518	17.4	18.1	12.6	13.1	2.2	2.1	12.8	11.7
KUALA LUMPUR KEP	MY	KLK MK	5,407	16.6	17.1	10.1	10.4	1.8	1.7	10.2	9.6
SIME DARBY	MY	SIME MK	3,209	13.8	12.9	6.8	6.6	0.9	0.9	6.5	6.9
TSH RESOURCES	MY	TSH MK	304	13.8	12.5	6.9	7.8	0.7	0.7	5.6	5.6
BUMITAMA AGRI LT	ID	BAL SP	726	5.9	7.7	4.2	4.3	0.8	0.7	13.8	13.3
FIRST RESOURCES	ID	FR SP	1,777	8.9	8.4	4.9	4.8	1.3	1.2	13.0	13.5
GOLDEN AGRI-RESO	ID	GGR SP	2,397	6.5	7.0	3.5	3.5	0.5	0.4	6.9	21.0
WILMAR INTERNATI	CN	WIL SP	17,539	10.0	8.9	10.4	9.9	0.8	0.8	8.9	9.2
ASTRA AGRO LEST	ID	AALI IJ	974	13.2	11.2	5.8	5.7	0.7	0.6	5.4	5.7
DHARMA SATYA NUS	ID	DSNG IJ	404	7.3	5.9	4.9	4.4	0.7	0.7	10.7	10.6
PP LONDON SUMATR	ID	LSIP IJ	464	10.1	9.8	2.4	2.3	0.6	0.8	6.9	7.0
SAWIT SUMBERMAS	ID	SSMS IJ	710	10.2	11.1	11.9	12.0	1.6	1.5	17.5	15.7
TRIPUTRA AGRO PE	ID	TAPG IJ	737	7.2	9.0	4.8	4.4	1.0	0.9	16.3	15.7
<b>NUSANTARA SAWIT</b>	<b>ID</b>	<b>NSSS IJ</b>	<b>331</b>	<b>29.7</b>	<b>22.4</b>	<b>12.3</b>	<b>10.9</b>	<b>4.8</b>	<b>3.9</b>	<b>15.0</b>	<b>16.3</b>
<b>Global Weighted Average</b>			<b>42,780</b>	<b>12.2</b>	<b>11.8</b>	<b>9.2</b>	<b>9.0</b>	<b>1.2</b>	<b>1.1</b>	<b>9.6</b>	<b>10.3</b>

Source: Bloomberg, Company, SSI Research (\*Valuation at closing price 10/8/2023)

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
Yosua Zisokhi	Cement , Cigarette, Paper, Plantation,Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Haikal Putra	Research Associate	haikal.putra@samuel.co.id	+6221 2854 8353

Equity Institutional Team			
Benny Bambang Soebagjo	Head of Institutional Equity Sales	benny.soebagjo@samuel.co.id	+6221 2854 8312
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Anthony Yunus	Institutional Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Widya Meidrianto	Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Head of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Wandha Ahmad	Equity Sales	wandha.ahmad@samuel.co.id	+6221 2854 8316
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales	denzel.obaja@samuel.co.id	+6221 2854 8342
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

**DISCLAIMER:** Analyst Certification: The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. This document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Samuel Sekuritas Indonesia.