

Nusantara Sawit Sejahtera (NSSS): IDR 276 – BUY, SSI TP: IDR 300

3Q24 Results: 30 October 2024

(IDRbn)	3Q23	2Q24	3Q24	QoQ (%)	YoY (%)	9M23	9M24	YoY (%)	9M24/SSI (%)
Revenue	360	292	385	32.1	7.0	892	955	7.0	68.0
Gross Profit	77	77	165	112.9	113.4	176	308	75.2	95.7
EBITDA	86	102	220	116.3	155.8	146	411	181.4	122.0
Operating Profit	76	64	173	170.2	127.0	117	290	147.4	106.8
Net Profit	23	16	113	593.0	396.0	-34	135	N.A	258.5
Key Ratios									
GPM (%)	21.5	26.5	42.8	-	-	19.7	32.2	-	-
EBITDA Margin (%)	23.9	34.9	57.1	-	-	16.4	43.0	-	-
OPM (%)	21.1	21.9	44.8	-	-	13.1	30.4	-	-
NPM (%)	6.3	5.6	29.4	-	-	(3.8)	14.2	-	-

Our take on the results (SSI: Above)

- ❑ In 3Q24, NSSS booked stellar results, with triple-digit growth both quarterly and annually, primarily driven by strong top-line as CPO ASP jumped to IDR 12,609/kg (+3.0% QoQ, +19.3% YoY). EBITDA margin saw positive growth to 57.1% on the back of the decline in fertilizer and maintenance costs to IDR 116bn (-19.5% YoY).
- ❑ NSSS' 3Q24 CPO production volume reached 28,394 tons (+20.1% QoQ, +12.4% YoY), supported by its second mill (opened in December 2023), bringing 9M24 CPO production to 27,007 tons, up +27.4% YoY. The addition of the second mill is expected to significantly raise average production capacity utilization rate for CPO and palm kernel oil from 60% to 80% in 2025, boosting future earnings growth.
- ❑ Looking ahead, we believe NSSS may book even better results in 4Q24, due to Indonesia's tight supply outlook, as the country plans to implement B40 in January 2025 and B50 in 2026.
- ❑ We maintain our BUY recommendation on NSSS with TP of IDR 300 (DCF-based) reflecting 35.1x P/E 2025. Risks to our call include worse-than-expected non-CPO biofuel demand, particularly under Trump administration.

Peer Comparables

Ticker	Mkt Cap (IDR Tn)	Rating	Target Price (IDR)	Last Price (IDR)	Rel. to JCI 5D (%)	2024F			
						EPS Growth (%)	P/E (x)	EV/Ha (USD)	ROE (%)
TAPG IJ	16.3	BUY	775	820	(4.6)	34.6	6.7	3,663.8	17.6
AALI IJ	11.8	N.R	6,200	6,125	(0.3)	1.1	10.0	4,803.2	5.3
DSNG IJ	11.9	N.R	1,155	1,120	(4.0)	36.7	10.0	11,033.0	12.6
SSMS IJ	9.7	N.R	1,025	1,020	(4.0)	54.5	12.0	12,912.0	34.5
STAA IJ	8.9	N.R	845	815	(0.9)	61.9	8.3	12,985.1	13.9
LSIP IJ	7.4	N.R	1,055	1,080	(0.7)	40.2	7.0	1,765.2	8.5
NSSS IJ	6.6	BUY	224	276	13.6	7802.8	42.2	18,949.5	4.1
Sector	72.5				(1.2)	740.2	8.1	8,631	14.4

Relative Performance vs JCI

