

Dharma Satya Nusantara

30 June 2025 | Equity Research | Plantation Sector

Company Update

BUY

Target Price	:	1,320
Current Price	:	780
Upside	:	69.2%

12M PRICE PERFORMANCE



STOCK PERFORMANCE

	YTD	1M	3M	12M
Absolute	-17.9%	2.6%	0.0%	26.8%
JCI Return	-2.6%	-4.0%	6.6%	-1.0%
Relative	-15.3%	6.7%	-6.6%	27.8%

Source: Bloomberg

MARKET DATA

12M price range (IDR)	600 - 1,400
12M PE range (x)	5.7 - 12.1
Outstanding shares (mn)	10,600
Market cap (IDRbn)/(USDmn)	8,268 / 579
Avg daily turn. (IDRbn/USDmn)	16.0 / 1.1

Source: Bloomberg

SHAREHOLDERS

Triputra Investindo Arya	27.6%
Krishna Kapital Investama	14.6%
Others	57.7%

Source: Bloomberg, BCA Sekuritas

Muhammad Fariz

muhammad.fariz@bcasekuritas.co.id

+6221 23587222 ext 11103

Recovery underway!

6M25F preview: potentially better than consensus – and ours

We recently arranged to meet with DSNG management, for an update on the current state of the Company. They indicated that the severe impact from the early 2024 drought has begun to alleviate, and by 2Q25 the Company foresees a recovery in production (5M25 +3% FFB/CPO) vs. -8% in 1Q25. If they can sustain this rate, we could be looking at a potentially higher level of FFB/CPO production for this year, hovering between 5-7% YoY.

Such potential progress might force us to revise our forecast upward, once 6M25 results emerge, while we still hold a conservative stance for this year's production (-1.8% YoY). In fact, our 2025F revenue and earnings forecast is already 11%/9% higher than that of consensus. Thus, if CPO price has bottomed out in 2Q25, and starts to recover in 2H25, combined with a healthier production outlook, we suspect consensus must also upgrade their forecast by 3Q25. Moreover, we stick to our expectation for 2025F CPO price to average around MYR4,700/t, underpinned by smaller inventory: both Indonesian and Malaysian production have already peaked.

Looking at 6M25 developments in CPO price, we incorporate average Indonesian FOB CPO price of MYR3,776/t into our assumption for a preliminary calculation of how DSNG might perform in 6M25F:

1. Revenue: above our forecast (48.9% achievement) and that of consensus (54.2% achievement) vs. typical 39-48% during 6M period, as we expect DSNG to potentially book IDR6.0tn (+27.7% YoY). We derive this number indexed to 3% YoY FFB growth. Most revenue growth will be driven by ASP for both CPO and PKO. Our 2025F FFB forecast remains at -1.8%; thus, we might decide to revise our forecast upward, post-results, if everything manages to remain on track.
2. Earnings: above both our own forecast (39.3% achievement) and that of consensus (42.6% achievement) vs. typical 28-44% achievement during 6M period. We do expect DSNG to potentially book IDR813bn (+61.5% YoY), anticipating slightly better CPO and wood segment margin in 2Q25F.

Both Malaysian and Indonesian inventories remain subdued

We note how aggregate inventory for both Malaysia and Indonesia are still below 5Mt, a figure considered quite low by historical standards (normally hovering around 6Mt - See Exhibit 2). As of this writing, updated Malaysian and Indonesian CPO statistics are as follows:

- Total Inventory: Indonesian inventory in April declined by 17.9% YoY to 3.0Mt, while Malaysian April Inventory rose 13.5%, to 1.9Mt.
- Aggregate Production: 4M25 Indonesia only grew by 0.8% YoY to 18.5Mt. 4M25 Malaysian production settled by 0.2% YoY, to 7.2Mt.
- Aggregate Consumption: 4M25 Indonesia grew by 7.5% YoY, mainly driven by Biodiesel, surging by 12.8% YoY, while food grew decently by 3.5% YoY. Malaysian consumption sank by 10.1% YoY, to 1.3Mt.
- Aggregate Exports: 4M25 Indonesian exports declined by 3% YoY. Malaysian Exports were down 10.4% YoY, to 5.6Mt, a victim of weaker demand from India, the EU, the USA, Pakistan and Bangladesh.

Maintain **BUY**

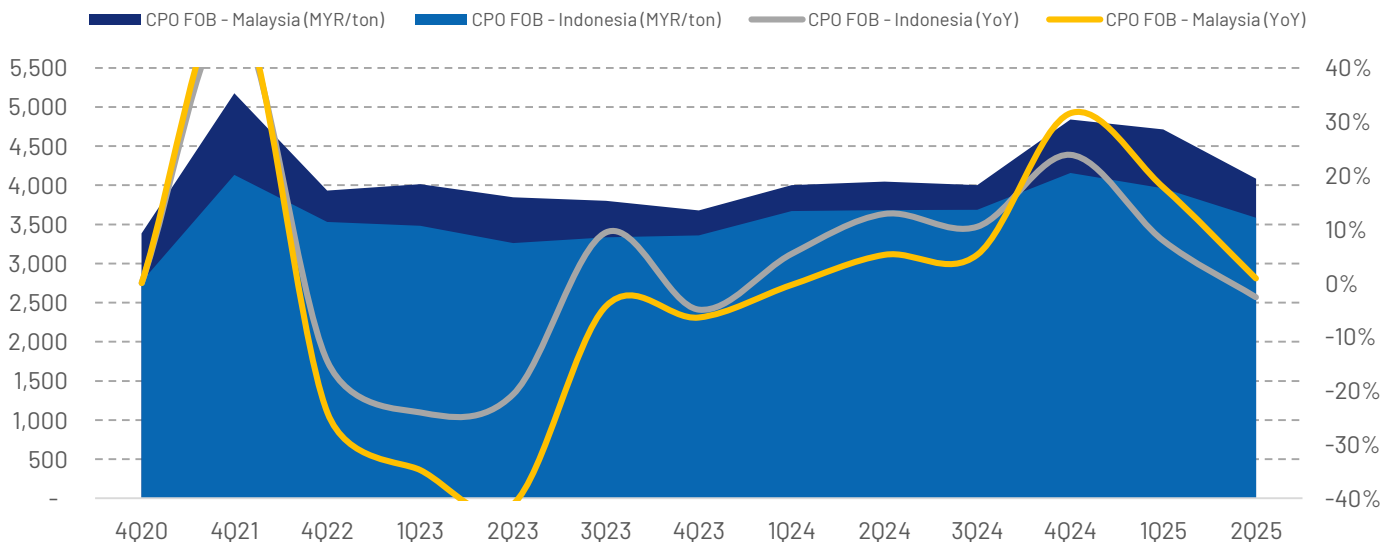
We maintain our **BUY** rating on DSNG, with Unchanged **TP of IDR1,320/sh**, Valuation for DSNG is pegged at 1.2X P/B.

Financial highlights	2023A	2024A	2025F	2026F	2027F
Revenue (IDR mn)	9,499	10,119	12,284	13,206	13,389
Operating profit (IDR mn)	1,556	2,023	3,257	3,692	3,741
EBITDA (IDR mn)	2,112	2,679	3,980	4,497	4,623
Net profit (IDR mn)	840	1,048	2,072	2,409	2,480
P/E (x)	9.8	7.2	4.0	3.4	3.3
P/B (x)	0.9	0.8	0.7	0.6	0.5
EV/EBITDA (x)	6.4	5.0	3.0	2.2	1.7
Div Yield (%)	3.8	2.8	3.0	5.5	6.4
ROE (%)	9.4	11.5	17.7	17.6	15.9

Financial Summary

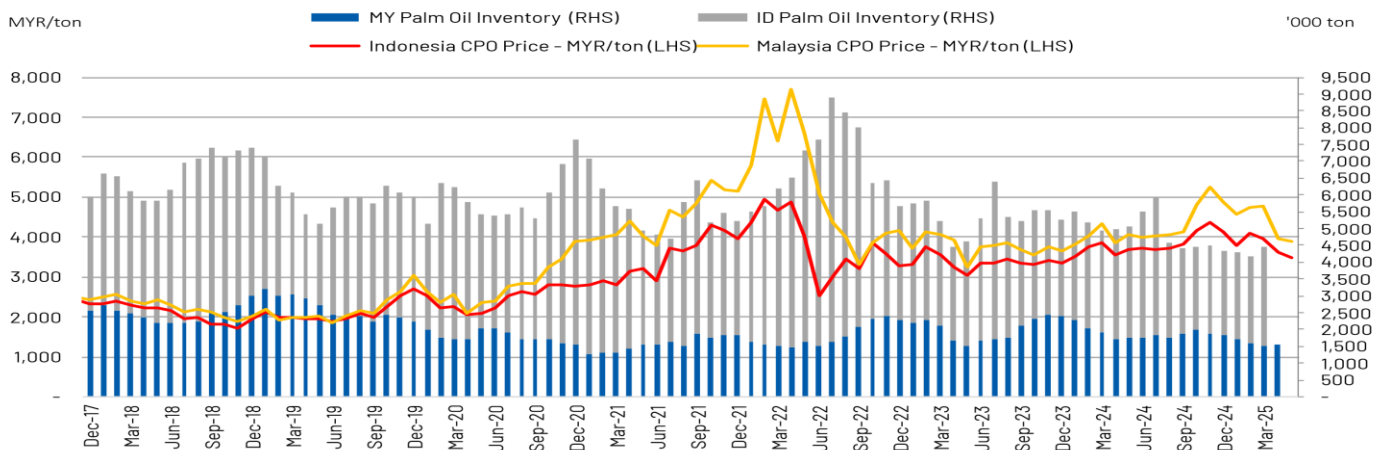
Income Statement					
Year-end 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Revenue	9,499	10,119	12,284	13,206	13,389
Cost of revenue	6,971	7,115	8,021	8,451	8,570
Gross profit	2,527	3,004	4,263	4,755	4,818
EBIT	1,556	2,023	3,257	3,692	3,741
EBITDA	2,112	2,679	3,980	4,497	4,623
Net interest income	(415)	(529)	(426)	(390)	(318)
Forex gain (loss)	-	-	-	-	-
Other incomes/ (expenses)	(0)	52	-	-	-
Income before Tax	1,141	1,546	2,831	3,302	3,423
Tax Expenses	(299)	(499)	(755)	(887)	(938)
Minority Interests	2	(1)	5	5	5
Net Income	840	1,048	2,072	2,409	2,480
EPS (Rp)	79	108	195	227	234
DPS (Rp)	30	22	24	43	50
DPR, %	26.3%	27.8%	22.0%	22.0%	22.0%
Balance Sheets					
Year-end 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Cash and cash equivalents	390	557	1,536	3,384	5,330
Account receivables	369	359	436	468	475
Inventories	1,111	1,225	1,381	1,455	1,476
LT Investments & LT Receivables	5,389	6,268	6,195	6,133	6,073
Fixed assets	7,467	7,838	8,097	8,217	8,272
Other assets	1,453	1,166	1,238	1,331	1,349
Total assets	16,178	17,412	18,882	20,988	22,975
Short term Liabilities	518	748	864	916	929
Other short term liabilities	678	509	618	665	674
Long term liabilities	5,577	5,733	5,042	5,042	5,042
Other long term liabilities	517	524	637	684	694
Total liabilities	7,289	7,515	7,160	7,307	7,338
Equity	8,716	9,723	11,544	13,497	15,447
Minority Interests	174	174	178	184	189
Total liabilities & equity	16,178	17,412	18,882	20,988	22,975
Cash Flows Statement					
Year-end 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Net income	840	1,142	2,072	2,409	2,480
Depreciations and Amortization	553	650	724	805	882
Change in working capital	15	234	28	(54)	(14)
Cash flows from operating activities	1,409	2,026	2,823	3,161	3,348
Capex	(1,341)	(1,021)	(983)	(925)	(938)
Others	(57)	(860)	77	62	60
Cash flows from investing activities	(1,398)	(1,881)	(906)	(863)	(878)
Dividend Paid	(318)	(233)	(251)	(456)	(530)
Net change in debt	130	156	(691)	-	-
Others	207	99	5	5	5
Cash flows from financing activities	20	22	(938)	(450)	(525)
Net increase/(decrease) in cash and cash equivalents	30	167	979	1,848	1,946
Cash and cash equi. at the begin. of the year	359	390	557	1,536	3,384
Cash and cash equi. at the end of the year	390	557	1,536	3,384	5,330
Key Ratios					
	2023A	2024A	2025F	2026F	2027F
Gross Margin (%)	26.6	29.7	34.7	36.0	36.0
EBITDA Margin (%)	22.2	26.5	32.4	34.1	34.5
EBIT Margin (%)	16.4	20.0	26.5	28.0	27.9
Pretax margin (%)	12.0	15.3	23.0	25.0	25.6
Net Margin (%)	8.8	10.4	16.9	18.2	18.5
ROAE (%)	9.7	10.8	19.6	19.0	16.9
ROAA (%)	5.2	6.0	11.5	12.1	11.3
Current ratio (x)	2.3	2.1	2.7	3.8	4.9
Acid ratio (x)	1.4	1.1	1.7	2.8	4.0
Gearing (%)	0.6	0.6	0.4	0.4	0.3
Net Gearing (%)	0.6	0.5	0.3	0.1	(0.0)
AR turnover (days)	14	13	13	13	13
Inventory turnover (days)	58	63	63	63	63
AP turnover (days)	22	26	26	26	26

Exhibit 1. CPO price is already bottoming out



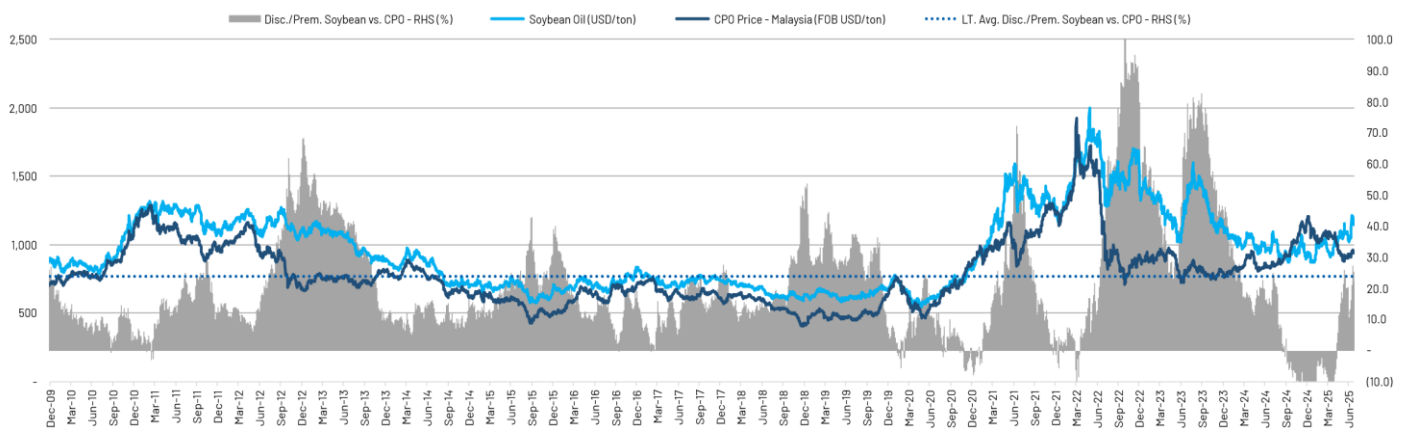
Sources: BCA Sekuritas, Company

Exhibit 2. Indonesia & Malaysia CPO Inventory



Sources: BCA Sekuritas, Company

Exhibit 3. Malaysia CPO vs. Soybean oil price



Sources: BCA Sekuritas, Company

Exhibit 4. DSNG 6M25 Preview

DSNG IJ	2024	1Q25	2Q25F	QoQ	YoY	6M24	6M25F	YoY	6M25F/BCAS	6M25F/Cons.
Profit and loss statement (IDR bn)				(%)	(%)			(%)	(%)	(%)
Revenue	2,473	2,679	3,328	24.2	34.6	4,703	6,006	27.7	48.9	54.2
COGS	1,752	1,885	2,258	19.8	28.9	3,370	4,143	23.0		
Gross profit	721	794	1,069	34.7	48.4	1,334	1,863	39.7		
Opex	234	209	276	32.3	17.8	444	485	9.3		
EBIT	486	585	793	35.5	63.2	890	1,378	54.9	42.3	64.9
Other income/(expenses)										
Net interest income/(expense)	-159	-136	-137	0.5	(13.9)	-291	-273	(6.0)		
Others	53	49	-49	n.a	n.a	89	0	n.a		
Pre-tax profit	380	498	607	21.9	59.8	688	1,105	60.7		
Net profit	278	368	445	20.9	60.4	504	813	61.5	39.3	42.6
<i>Gross margin (%)</i>	29.1	29.6	32.1	2.5	3.0	28.4	31.0	2.7		
<i>EBIT margin (%)</i>	19.7	21.8	23.8	2.0	4.2	18.9	22.9	4.0		
<i>Pre-tax margin (%)</i>	15.4	18.6	18.2	(0.3)	2.9	14.6	18.4	3.8		
<i>Net margin (%)</i>	11.2	13.7	13.4	(0.4)	2.2	10.7	13.5	2.8		

Key Assumption:

Production (t)										
CPO	146,968	137,611	169,881	23.5	15.6	296,518	307,492	3.7		
Palm kernel and the related products (PK)	37,096	34,072	45,228	32.7	21.9	75,145	79,300	5.5		
Sales Volume (t)										
CPO	146,232	134,644	169,773	26.1	16.1	292,032	304,417	4.2		
Palm kernel and the related products (PK)	16,548	13,944	19,271	38.2	16.5	31,132	33,215	6.7		
Sales/Production (%)										
CPO	99	98	100	2.1	0.4	98	99	0.5		
Palm kernel and the related products (PK)	45	41	43	1.7	(2.0)	41	42	0.5		
Revenue (IDR bn)										
CPO	1,857	2,008	2,480	23.5	33.6	3,569	4,488	25.8		
Palm kernel and the related products (PK)	264	342	496	44.7	87.7	457	838	83.3		
Indonesia - CPO Price Spot (USD/ton)	3,682	3,962	3,585	(9.5)	(2.6)	3,677	3,776	2.7		
ASP (MYR/t)										
CPO	3,721	4,056	3,810	(6.1)	2.4	3,632	3,928	8.1		
Palm kernel and the related products (PK)	4,677	6,682	6,708	0.4	43.4	4,365	6,722	54.0		
ASP Realization (%)										
CPO	101.1	102.4	106.3	3.9	5.2	98.8	104.0	5.2		
Palm kernel and the related products (PK)	127.0	168.6	187.1	18.5	60.1	118.7	178.0	59.3		
MYR-IDR	3,412	3,676	3,834	4.3	12.3	3,364	3,753	11.6		

Sources: BCA Sekuritas, Company

Equity Research

research@bcasekuritas.co.id

Institutional Equity Market

ecm@bcasekuritas.co.id

Sales Equity Market

sales@bcasekuritas.co.id

PT BCA Sekuritas

Menara BCA – Grand Indonesia, 41st Floor
 Jl. MH Thamrin No. 1, Jakarta 10310
 Tel. +62 21 2358 7222
 Fax. +62 21 2358 7250/300

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