INITIATE REPORT

PT Nusantara Sawit Sejahtera Tbk

14 Agustus 2025

Recommendation

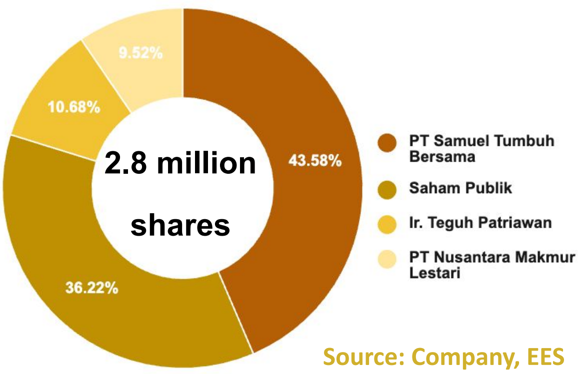
BUY

Last Price (Rp)	**416**
Target Price (Rp)	**540**
Potential Upside	**29,81%**

Company Overview

PT Nusantara Sawit Sejahtera Tbk (IDX: NSSS) is an integrated palm oil plantation company that was officially listed on the Indonesia Stock Exchange in 2023. The company is headquartered in Jakarta, with its main operations locating in Central Kalimantan, specifically in the strategic area near the Tualan and Mentaya Rivers, which facilitates the distribution of production output to both domestic and export markets.

Shareholder Structure (As of 30/06/2025)



Source: Company, EES

Closing Price (as of 06/08/2025)

Source: Company, EES

Valuation Overview

Financial performance in 2025 is projected to be the primary driver for the stock's revaluation. Revenue is estimated to surge **+41% yoy** to IDR 2.1 trillion, with net profit projected to rise **+122% yoy** to IDR 677 billion. This surge in profit is reflected in the increase in **EPS** to IDR 28.44 per share, while the **PER 2025F is only 0.8x,** significantly below the plantation sector average, which typically ranges from 8–12x.

Profitability also shows significant improvement. **ROE is projected to reach 33.2%**, a highly attractive level indicating high efficiency in capital utilization. This reinforces the conviction that NSSS is on a path of sustainable growth, supported by a productive plantation age profile and increasing mill capacity.

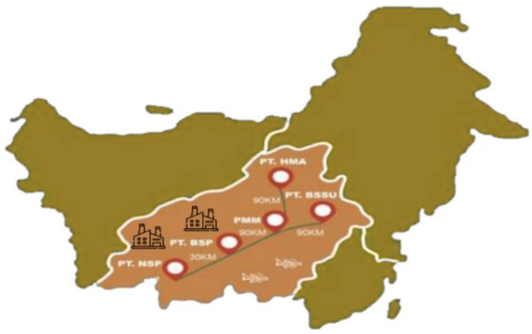
Based on the compiled valuation model, NSSS is projected to enter an aggressive growth phase in 2025–2026. Assuming a **terminal growth of 4.5%** and a **WACC of 10.6%**, an **Enterprise Value** of IDR 13.6 trillion is derived. After accounting for a **Net Debt position (2025F)** of IDR 957 billion, the company's **Equity Value** reaches IDR 12.6 trillion.

Based on this, the fair value of NSSS shares is set at **IDR 540 per share**, which is 29.8% higher than the market price as of 19 August 2025, which was still at IDR 416 per share. The potential **upside of nearly 30%** indicates that NSSS appears **undervalued** compared to its fundamental growth prospects.

Overall, with a potential share price appreciation of nearly 30%, solid financial performance, and a low valuation, NSSS shares warrant consideration as a **BUY** candidate. However, investors should remain mindful of external risks such as global CPO price fluctuations, import policies in key consumer countries, and sustainability regulations (EUDR) that could impact the realization of these projections.

Key Financial Summary						
Company Data	**2024**	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
Revenue	1489,9	2105,3	2610,8	2663,0	3395,3	3463,2
Gross Profit	584,8	1062,4	1446,1	1522,9	1734,5	1802,0
Operating Profit	518,5	959,6	1331,4	1405,2	1600,3	1664,4
Net profit	304,6	677,0	998,7	1083,1	1259,2	1351,2
EBITDA	670,4	1112,2	1486,4	1570,7	1779,2	1851,3
EPS	12,80	28,44	41,96	45,51	52,90	56,77
EPS Growth		122%	48%	8%	16%	7%
PER (x)	1,77	0,80	0,54	0,50	0,43	0,40
ROA	0,082	0,163	0,225	0,229	0,236	0,226
ROE	0,223	0,332	0,364	0,310	0,287	0,254

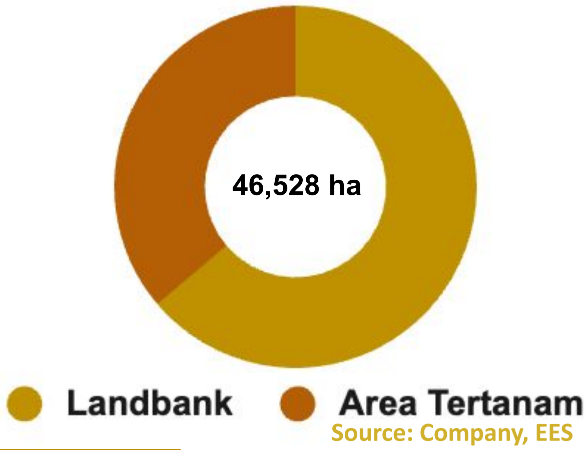
Plantation Overview



Di Kalimantan Tengah dekat sungai Tualan dan Mentaya

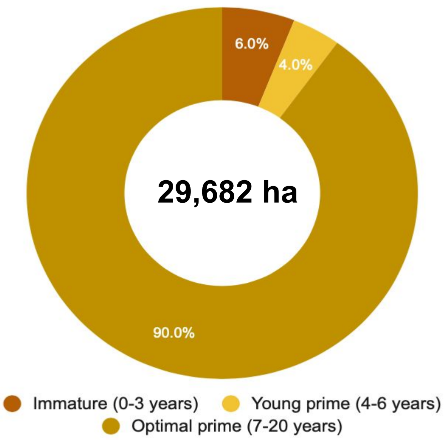
Source: Company, EES

Land Bank Details



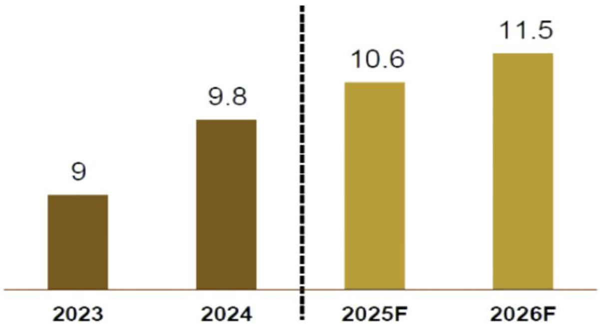
Source: Company, EES

Age Profile



Source: Company, EES

Average Age (Years)



Source: Company, EES

PLANTATION OVERVIEW

Scale and Plantation Assets

As of the first half of 2025, PT Nusantara Sawit Sejahtera Tbk (NSSS) holds a total land bank of **46,528 hectares**, of which **29,682 hectares** are planted and the remaining **16,846 hectares** are reserve land ready for development. All plantation estates are located in Central Kalimantan, strategically positioned near the Tualan and Mentaya Rivers, which supports logistical efficiency and distribution access. The concentration of assets in a single region also facilitates operational coordination and field supervision.

Crop Age Structure

The age composition of the crops is dominated by optimal **prime age plants** (7–20 years), accounting for 90% of the total planted area, followed by **young prime** (4–6 years) at 4% and **immature** (0–3 years) at 6%. With an average plantation age of **10.6 years** in 2025, NSSS is at the peak of oil palm productivity. The projected average age is expected to increase to 11.5 years by 2026, indicating that the company can maintain high FFB yields for the next 2–3 years before a potential plateau may begin to emerge.

Productivity Potential

With the majority of its crops in their optimal productive age, NSSS's FFB yield has the potential to exceed the industry average, reaching a minimum of 24–25 tons/ha/year. This productivity can be sustained through sound agronomic practices, including targeted fertilization, the use of superior seeds, harvest mechanization, and efficient management of Fresh Fruit Bunches (FFB) to ensure rapid processing at the mill.

Expansion Strategy

Management plans to gradually utilize the 16,846-hectare reserve land bank to maintain the proportion of productive crops in the future. The construction of a third mill near the PMM estate is a strategic move to reduce transportation costs, minimize fruit losses, and improve the Oil Extraction Rate (OER). Furthermore, harvesting efficiency will be enhanced through mechanization and scheduling FFB delivery to the mill within less than 24 hours.

Risks and Challenges

Although the current plantation profile strongly supports operational performance, NSSS still faces risks from external factors such as extreme weather (El Niño/La Niña), which can suppress yield and harvest quality; rising fertilizer prices, which increase costs; and potential delays in land bank conversion due to permitting or funding constraints. Consistent mitigation efforts will be key to maintaining long-term growth momentum.

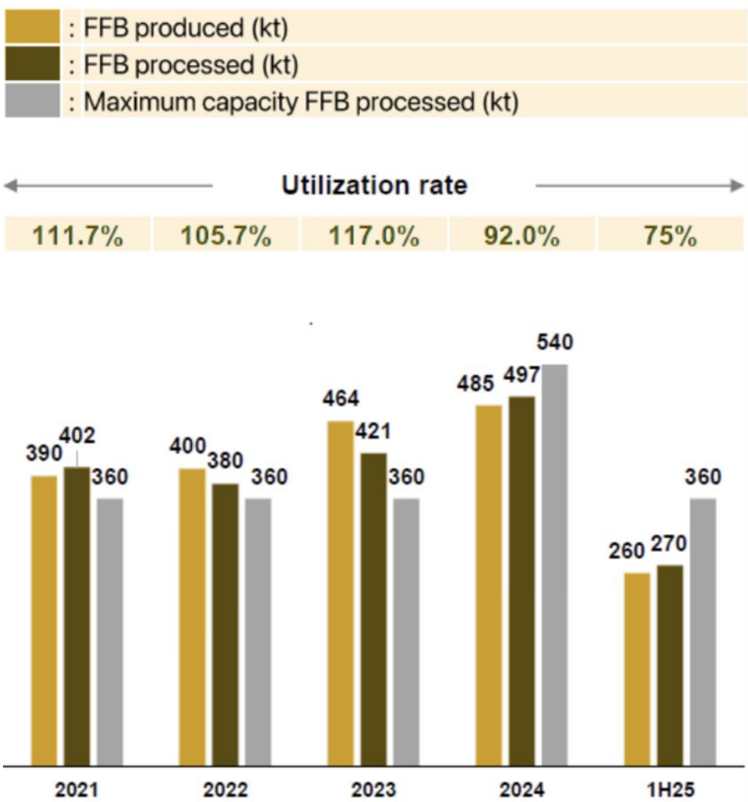
Total CPO mill production capacity: 120 tons/hr (720,000 tons/pa) .

Nusantara Sawit Persada (NSP)

Borneo Sawit Perdana (BSP)

Source: Company, EES

CPO mill utilization rate



Source: Company, EES

Forward Strategic Steps

Management plans to construct a third mill near the PMM estate to further optimize post-harvest processes and support the expansion of planted areas in the future. With the addition of this mill, NSSS is expected to maintain operational efficiency, increase processing capacity to exceed internal needs, and create opportunities to process FFB from third parties as an additional revenue source.

Mill Capacity Expansion as a Growth Lever

In the first half of 2025, NSSS recorded a surge in FFB processing capacity with the operation of two palm oil mills (POM), each with a capacity of **60 tons of FFB per hour**, bringing the total installed capacity to **120 tons/hour** or approximately **720,000 tons of FFB per year**. This new capacity is nearly double that of the initial operational period, enabling NSSS to process larger volumes of FFB from both its nucleus and plasma estates, while simultaneously reducing reliance on third parties for processing services.

Operational Efficiency and Yield Improvement

The strategic location of the mills near the core plantation areas is a key factor in reducing logistics costs and minimizing fruit losses. The short transportation time for FFB ensures the quality of the Fresh Fruit Bunches is maintained, thereby supporting the achievement of an optimal Oil Extraction Rate (OER). The combination of short transport distances and adequate mill capacity also provides operational flexibility to process peak harvests without backlog, ensuring stable CPO and PK production throughout the year.

Impact on Profitability

This increase in mill capacity impacts not only production volume but also profit margins. Processing costs per ton tend to decrease as fixed costs are distributed across a larger volume. Furthermore, integration from estate to final processing gives NSSS full control over quality and production schedules, which ultimately strengthens its bargaining position in the sales of CPO and PK.

Borneo Sawit Persada (BSP) direct piping system

Source: Company, EES

Nusantara Sawit Persada (NSP) direct piping system

Source: Company, EES

Operational Advantages of the Direct Piping System

Logistical Efficiency through Direct Piping System

NSSS implemented a direct piping system as one of its strategic initiatives to enhance post-harvest supply chain efficiency. This system enables the direct channeling of CPO from the processing mill to storage tanks or shipment points without the need for additional transportation modes such as tanker trucks. With a permanent pipeline, the distribution flow becomes faster, more stable, and minimizes the risk of product contamination or quality degradation.

Cost Savings and Quality Improvement

The primary advantage of this system is significant distribution cost savings—according to management's presentation, the efficiency achieved amounts to approximately **IDR 23 billion per year**. Furthermore, the reduction in physical handling stages lowers the risk of spills and CPO quality degradation, thereby helping to maintain the Oil Extraction Rate (OER). This is crucial as consistent CPO quality strengthens the company's bargaining position in both domestic and export markets.

Impact on Operations and the Environment

The use of direct piping also reduces carbon emissions and pollution typically generated from land transportation using trucks. From an operational perspective, this system shortens the time from processing to shipment, enabling faster storage rotation and tank space efficiency.

Strategic Position for NSSS

The implementation of the direct piping system provides NSSS with a competitive advantage that is difficult to replicate in the short term, as it requires infrastructure investment and a supportive mill-plantation layout. Going forward, this strategy has the potential to be integrated with the planned third mill, allowing logistical efficiency to extend to a broader production area.

Industry Update & Outlook

Domestic Demand as the Main Support

The Indonesian palm oil industry continues to be driven by high domestic consumption. The biodiesel mandate, now at the B35 stage, with plans to increase to B40 and even B50, ensures that CPO demand remains strong. Each increase in the biodiesel blend means millions of tons of CPO are absorbed by the local market. This makes the palm oil industry relatively more shielded from export volatility and provides stable growth opportunities for companies.

Added Value from Downstream Integration

The government is also encouraging the downstream integration of palm oil products to move beyond mere CPO sales. This policy direction opens opportunities for companies to enter higher value-added segments, such as oleochemicals, renewable energy, and processed food products. This product diversification can strengthen profit margins while enhancing competitiveness in the global market.

Global Trends Remain Promising

Globally, palm oil remains the most efficient vegetable oil in terms of yield per hectare compared to soybean or sunflower oil. Global population growth and increasing demand for food and energy will continue to make palm oil a primary choice. With Indonesia's position as the largest producer, the opportunity to lead this market remains wide open.

Sustainability as a New Competitive Advantage

Amid strict regulations such as the EU Deforestation Regulation (EUDR), palm oil companies that can demonstrate sustainable practices actually have greater opportunities. Supply chain transparency and deforestation-free certification can provide access to premium markets and enhance global reputation. For NSSS, this could become a long-term strategic advantage.

Palm Oil Price

Source: Tradingview

Price Movements and Triggering Factors

Malaysian palm oil futures strengthened slightly and held above MYR 4,400 per ton, recouping losses from the previous session. This increase was driven by a weaker ringgit, which made CPO prices more competitive in the export market, as well as the Malaysian government's decision to raise the reference price for crude palm oil for September, which also pushed export duties up to 10%. This move provided positive sentiment for prices amid trading.

Pressure from Other Vegetable Oil Markets

The rise in CPO prices was constrained by weakening prices of other vegetable oils on the Dalian (China) and Chicago (US) exchanges, which made inter-commodity price spreads more competitive. This condition limited further upside for CPO prices, as international buyers are sensitive to price differences between vegetable oils.

Market Conditions in India and Their Impact

In India, the largest consumer of CPO, imports in July fell 10.5% from the previous month to 855,695 metric tons. This decline occurred after the Indian government raised import duties on crude palm oil and refined oil from 8.25% to 19.25%. This policy could potentially reduce the appeal of CPO in the Indian market in the short term and may affect export flows from Malaysia and Indonesia.

China's Economic Situation

China, another major buyer, showed signs of an economic slowdown in July. Trade barriers, weak domestic demand, and weather disruptions hampered overall economic activity. This factor adds to the challenges for the demand outlook of vegetable oils, including CPO, in the global market.

Company Update & Outlook

With its young plantation profile, capacity expansion, and operational efficiency, NSSS has a solid growth foundation. However, its high sensitivity to CPO prices and weather factors necessitates that projections include both optimistic and pessimistic scenarios. Close monitoring of the progress of the new mill and the B50 biodiesel policy will be key to validating future growth assumptions.

Opportunities

Young Plantation Age Implies Optimal Yield Potential

The average plantation age of 10.6 years means the trees are entering their peak productivity phase (10–18 years). Meanwhile, the potential FFB yield is estimated to remain above the industry average (≥25 tons/ha/year) in the coming years.

Mill Capacity Expansion

The 3rd mill (near the PMM plantation) will reduce FFB transport distance, minimizing fruit losses, improving OER, and saving logistics costs. Furthermore, the target utilization rate of >90% can be achieved without significant additional plantation costs..

Domestic Demand Support – B50 Program

Starting in 2026–2027, the B50 biodiesel program is projected to absorb 15–16 million tons of CPO annually, or 20–21% of national production. Strong domestic demand provides a buffer against export fluctuations.

Operational Efficiency & Technology

The direct piping system saves approximately IDR 23 billion per year. Strategic proximity for fertilizer supply and harvest sales ensures supply stability and market absorption.

Relatively High Global CPO Prices

Supply constraints from Malaysia & Indonesia, coupled with demand from India & China, are supporting CPO prices at profitable levels.

Risks

CPO Price Fluctuations

CPO prices are sensitive to other vegetable oil prices, fossil fuel prices, and global trade policies. A decrease in CPO prices directly impacts margins & net profit.

Weather & Climate

El Niño causes drought, leading to a 10–20% decline in FFB yield the following year. Meanwhile, La Niña brings excessive rainfall, which can hinder harvesting & transportation.

Production Costs

Fertilizer accounts for 30–40% of plantation costs, and its price is highly volatile (dependent on gas and ammonia prices). Furthermore, increases in labor wages directly impact operational costs.

Government Policies

Changes in export tariffs, CPO levies, and Domestic Market Obligation (DMO) allocations can affect sales volume and selling price. Tighter environmental regulations could increase investment burdens.

Expansion Execution

Delays in the construction of new mills or land development can postpone the achievement of volume targets.

Valuation

Key Financial Summary						
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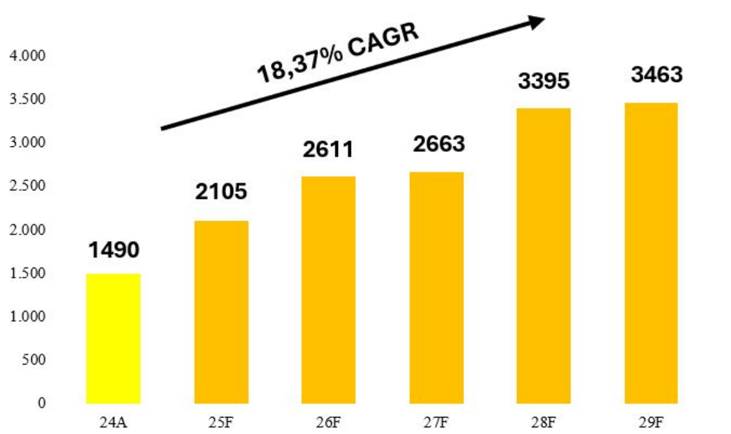
ROA	0,082	0,163	0,225	0,229	0,236	0,226
ROE	0,223	0,332	0,364	0,310	0,287	0,254

Terminal Growth	4,5%
WACC	10,6%
Enterprise Value	13.602
Net Debt 2025F	957
Equity Value	12.645

Current Price (19/8/25)	**416**
Fair Value (Rp)	**540**
Potential Upside	**29,81%**

Revenue Forecast NSS



NSSS Outlook 2024–2029F: High Growth, High Profitability, Attractive Valuation

Financial Performance & Growth

Projections indicate that NSSS's Revenue will grow consistently from Rp 1.49 trillion in 2024 to Rp 3.46 trillion in 2029F. This equates to a Compound Annual Growth Rate (CAGR) of approximately 17-19% per annum. A significant surge is anticipated in 2025F (+41% year-on-year), aligning with its mill capacity expansion strategy and increased productivity from plantations that have now entered their optimal age.

Gross Profit increases significantly, from Rp 584.8 billion (2024) to Rp 1.80 trillion (2029F), while **Operating Profit** more than triples to Rp 1.66 trillion. The steadily improving operating margin reflects enhanced efficiency and economies of scale.

Profitability & EPS

Net profit is projected to rise sharply from Rp 304.6 billion in 2024 to Rp 1.35 trillion in 2029F. The most substantial growth occurs in 2025–2026, with EPS surging from Rp 12.8 in 2024 to Rp 41.96 in 2026F (a +228% increase over 2 years). EPS growth in 2025 reaches 122% yoy, reflecting a very strong expansion momentum, before decelerating to a more moderate growth rate of 7–16% in 2027–2029.

Valuation

Long-Term Valuation

From a valuation perspective, the projected **P/E (Price-to-Earnings Ratio)** declines drastically from 1.77x in 2024 to just 0.40x in 2029F. This decrease in the P/E ratio signifies that the stock appears **very cheap** relative to its future net profit potential. Historically, a P/E ratio below 5x for the plantation sector is typically considered undervalued; therefore, a figure below 1x indicates a significant potential for re-rating if performance aligns with projections.

Asset & Equity Profitability

NSSS's profitability indicators show a very healthy trend throughout the projection period. **ROA** increases sharply from 8.2% in 2024 to around 22–23% in 2028F, reflecting the company's increasingly efficient ability to generate profit from its assets alongside mill capacity expansion and improved plantation productivity. Meanwhile, ROE jumps from 22.3% in 2024 to a peak of 36.4% in 2026F, before stabilizing at 25–31% in 2027–2029F. The consistent achievement of an **ROE** above 20% confirms that the company manages equity capital very effectively, thereby enhancing the appeal of NSSS stock for long-term investors seeking a combination of growth and capital efficiency.

NSSS Valuation and 2025F Target Price

Based on the compiled valuation model, NSSS is projected to enter an aggressive growth phase in 2025–2026. Assuming a **terminal growth rate of 4.5%** and a **WACC of 10.6%**, an **Enterprise Value** of Rp 13.6 trillion is derived. After accounting for a **Net Debt 2025F** position of Rp 957 billion, the company's **Equity Value** reaches Rp 12.6 trillion. On this basis, the fair value for NSSS shares is set at **Rp 540 per share**, which is 29.8% higher than the market price of Rp 416 per share on August 19, 2025. This **nearly 30% potential upside** makes NSSS appear undervalued compared to its fundamental growth prospects.

The projected 2025 financial performance is expected to be the main driver for stock revaluation. **Revenue** is estimated to surge **+41% year-on-year** to Rp 2.1 trillion, with **net profit** rising **+122% year-on-year** to Rp 677 billion. This profit surge is reflected in an **EPS** increase to Rp 28.44 per share, while the **2025F PER valuation is only 0.8x** – far below the plantation sector average, which typically ranges from 8–12x. Profitability also shows significant improvement, with **ROE projected to reach 33.2%**, a highly attractive level indicating high efficiency in the use of capital.

The assumptions used in this model are conservatively structured. The terminal growth rate of 4.5% stems from a combination of a steady-state palm replanting plan of 4% (based on a 25-year productive lifespan), plus an estimated 0.5% improvement in harvest yield (FFB/ha) and oil extraction rate (OER). This estimate reflects a more cautious approach compared to projections of Indonesian GDP growth, which is around 5%. Furthermore, this valuation also considers potential growth from new plantings, increased mill production capacity, and projected rises in global CPO prices as medium-term catalysts.

Regarding market risk, the model uses a beta of 0.80, taken from a comparable company, DSNG, with an additional risk adjustment of 0.05. This was done to accommodate the volatility of the palm oil industry, which is susceptible to commodity price fluctuations and global regulatory dynamics.

Overall, with a potential share price appreciation of nearly 30%, solid financial performance, and still-low valuation, NSSS shares warrant consideration as a **BUY** candidate. However, investors should still carefully monitor external risks such as global CPO price fluctuations, import policies in key consumer countries, and sustainability regulations (EUDR) that could impact the realization of these projections.

Balance Sheet dalam milliar rupiah	2024A	2025F	2026F	2027F	2028F	2029F
Cash & Equivalent	386	698	963,00	1.009,00	1.260,00	1.984,00
Trade Receivable	49,8	46,1	57,20	58,40	74,40	75,90
Invetories	138,9	218,9	244,5	239,3	348,6	348,7
Others	145	161,40	171,40	182,40	206,50	230,40
Total Current Assets	**719,6**	**1.124,40**	**1.436,10**	**1.489,10**	**1.889,50**	**2.639,00**
Fixed Assets	920	884,9	849	955	1.055,90	1.008,80
Other Non-Current	2.088,10	2.154	2.154	2.282	2.398	2.325
Total Assets	**3.727,70**	**4.163**	**4.439**	**4.726**	**5.343**	**5.973**
Trade Payable	93,7	223	248	243	354	354
Current Maturities	324,8	269,1	204	137	80,9	35,4
Other	208,7	182,7	144,9	102,6	75,8	47,5
Total Current Liabilities	**627,2**	**674,8**	**596,9**	**482,6**	**510,7**	**436,9**
LT Debt	1.612,60	1.336,00	1.012,60	679,9	401,8	175,5
Other LT Debt	122,90	110	89	63,50	50,50	33,60
Total Liabilities	**2.362,70**	**2.121**	**1.698**	**1.226,00**	**963,00**	**646,00**
Minority Interest	0	0	0	0	0	0
Total Equity	**1.365**	**2.042**	**2.741**	**3.499,00**	**4.381,00**	**5.327,00**

Profit & Loss dalam milliar rupiah	2024A	2025F	2026F	2027F	2028F	2029F
Revenue	**1.489,90**	**2.105,30**	**2.610,80**	**2.663,00**	**3.395,30**	**3.463,30**
Cost of Goods Sold	-905,1	-1.043	-1.165	-1.140	-1.661	-1.661
Gross profit	**584,8**	**1.062**	**1.446**	**1.523**	**1.735**	**1.802**
Operaiting Expense	-66,3	-103	-115	-118	-134	-138
Operating Profit	**518,5**	**960**	**1.331**	**1.405**	**1.600**	**1.664**
EBITDA	**670,4**	**1.112**	**1.486**	**1.571**	**1.779**	**1.851**
Other Income	72,8	76,1	90,5	98,3	105,7	130,1
Other Expense	-184,5	-167,9	-141,6	-115	-91,8	-62,4
Pre-tax Profit	**406,8**	**868**	**1.280**	**1.389**	**1.614**	**1.732**
Income Tax	-102,1	-190,9	-281,7	-305,5	-355,2	-381,1
Net Profit	**304,6**	**677**	**999**	**1.083**	**1.259**	**1.351**

Cash Flow dalam milliar rupiah	2024A	2025F	2026F	2027F	2028F	2029F
Cash receipts from customers	1.493	2.105	2.610,80	2.663,00	3.395,30	3.463,20
Cash paid to suppliers	-769	-951	-1.070,40	-1.043,00	-1.560,80	-1.558,20
Other	-286	-508	-528,90	-621,80	-630,20	-650,30
Operating Cashflow	**438**	**646**	**1.011,50**	**998,2**	**1.204,30**	**1.254,70**
Acquisition of Fixed Assets	-69	-24	-24,4	-174,9	-178,4	-32
Acquisition of immature plantations	-5	-120	-177,2	-205,6	-231	0
Depreciation & other	-101	152	155	165,5	178,9	186,9
Investing Cashflow	**-175**	**8**	**-46,6**	**-215**	**-230,5**	**154,9**
Payment bank loans	-463	-343	-400,7	-412,2	-344,6	-280,3
Dividend	0	0	-299,6	-324,9	-377,8	-405,3
Other	343	0	0	0	0	0
Financing CashFlow	**-120**	**-343**	**-700,3**	**-737,1**	**-722,4**	**-685,6**
Net-Cashflow	144	312	264,6	46	251,5	723,9
Cash at Beginnig	243	386	698,2	962,8	1.008,90	1.260,30
Cash at Ending	386	698,2	962,8	1.008,90	1.260,30	1.984,30