

Dharma Satya Nusantara (DSNG IJ)

High-yielding Assets At An Attractive Valuation

Highlights

- DSNG operates one of the most productive estate bases among listed Indonesian planters. It remains constructive on the 2H26 outlook, supported by firm production and favourable CPO price trends. Consensus expects full year profit growth of 27% (+9.4% in 1H26).
- GAPKI expects El Niño to cut industry production by 8-10% in 2027, though the company expects firm CPO prices to cushion the impact.
- It currently trades at just 8x 2026 PE, based on consensus (vs regional avg of 15x) and Rp184m/ha (US\$10,400/ha).

Analysis

- Dharma Satya Nusantara (DSNG) operates one of the most productive estate bases** among listed Indonesian planters, delivering a 23.5% OER in 1H26 and 21.4t/ha FFB yield in 2025, underpinned by a relatively young average tree age of around 15 years. As of 1H26, 95% of its 111,900ha planted area was mature, with >60,000ha concentrated in a single contiguous block in East Kalimantan, supporting operating efficiency. DSNG also has an integrated milling network of 12 mills with 675 tonnes FFB/hour capacity, alongside a 400tonnes/day kernel crushing plant, with 10 mills RSPO-certified and 11 ISPO-certified. The company remains family-controlled, with the TP Rachmat and Oetomo families holding 30.7% and 29.2%, respectively. Palm oil accounted for 90% of 1H26 revenue, with wood products and renewable energy contributing 8% and 2%, respectively.
- Production and prices both supportive into year-end.** DSNG expects 2H26 production to grow around 3% yoy, supported by firm demand following the B50 implementation and resilient CPO prices. DSNG's CPO and PKO ASPs were already up 3% yoy and 9% yoy, respectively, in 1H26, while management expects prices to remain supportive. CPO has continued to trend up, with Nov 26 futures at RM4,973/tonne (~15% above the 1H26 average). Consensus expects profit growth of 27% yoy (1H26 profit up 9.4% yoy). On the cost side, fertiliser accounts for around 25% of total costs, with prices expected to rise around 15% in the next fertilisation cycle, likely putting upward pressure on costs from 4Q26-1Q27.
- Then how about El Niño risks next year?** The super El Niño is expected to occur in 4Q26-1H27, with BMKG forecasting Java, West Kalimantan and South Kalimantan to experience the most severe drought conditions. While DSNG is not immune to the impact, its estates are mainly located in East Kalimantan, where the company expects the impact to be milder. GAPKI forecasts industry production to decline 8-10% (4m-5m tonnes) in 2027.

Key Financials

Year to 31 Dec (Rpb)	2021	2022	2023	2024	2025
Net turnover	7,124	9,634	9,499	10,119	12,315
EBITDA	2,023	2,904	1,583	3,060	3,834
Operating profit	1,393	2,154	1,556	2,124	2,829
Net profit (rep./act.)	727	1,207	840	1,142	1,840
EPS (Rp)	68.6	113.9	79.2	107.8	173.6
PE (x)	24.9	15.0	21.6	15.9	9.8
P/B (x)	2.6	2.3	2.1	1.9	1.6
EV/EBITDA (x)	10.4	7.2	13.3	6.9	5.5
Dividend yield (%)	1.2	1.8	1.3	1.4	2.7
Net margin (%)	10.2	12.5	8.8	11.3	14.9
Net debt/(cash) to equity (%)	69.6	62.3	58.4	52.3	30.2
Interest cover (x)	3.4	5.0	3.3	4.2	6.7
ROE (%)	11.2	16.2	10.0	12.4	17.4

Source: DSNG, Bloomberg, UOB Kay Hian

Analyst(s)

Willinoy Sitorus

willinoysitorus@kh.co.id
+6221 2993 3845

Audrey Celia

audreycelia@kh.co.id
+6221 2993 3860

NOT RATED

Share Price	Rp1,710
Target Price	n.a.
Upside	n.a.

Stock Data

Sector	Consumer Staples
Bloomberg ticker	DSNG IJ
Shares issued (m)	10,600
Market cap (Rpb)	18,126
Market cap (US\$m)	1,022
3-mth avg daily t'over (US\$m)	0.4

Price Performance (%)

52-week high/low		Rp2,050/Rp1,045		
1mth	3mth	6mth	1yr	YTD
28.1	43.7	23.9	5.2	11.0

Major Shareholders (%)

Tripura Investindo Arya	28.63
Krishna Kapital Investama	14.63
Tri Nur Cakrawala	7.44
Arianto Oetomo	5.43
Andrianto Oetomo	5.43

Balance Sheet Metrics

FY26 NAV/Share	n.a.
FY26 Net Debt/Share	n.a.

Price Chart



Source: Bloomberg

Company Description

PT Dharma Satya Nusantara TBK is a palm oil and wood processing company. The Company is currently concentrating on three types of integrated businesses: wood products, timber estates and plantations.

The company noted that the 2019 El Niño reduced production by around 11%, but higher CPO prices more than offset the volume loss. CPO prices have already rallied 15.8% ytd to RM4,628/tonne. A continued rally could provide a similar cushion if production comes under pressure next year.

- **Replanting and better seeds to drive structural yield growth.** With an average estate age of ~15 years, DSNG started its replanting cycle in 2022 and is currently replanting ~2,500ha/year at Rp90m–100m/ha, (50-55% of its current EV/ha of ~Rp180m), with costs to maturity spread over three years. More importantly, DSNG is increasingly using higher-yielding planting seeds from its 10%-owned Verdant Bioscience, with around 40% of new plantings already using the improved material. Management expects the seeds to deliver 18-24tonnes FFB/ha by year three, (vs 8-10 years for conventional materials to reach comparable yields). The seeds also offer greater tolerance to Ganoderma, supporting structural yield improvement as the replanting cycle progresses.
- **Bio-CNG lower internal energy costs.** DSNG operates two Bio-CNG plants converting palm oil mill effluent into compressed biomethane, with combined capacity of around 3MW. These displaced 3.8m litres of diesel in 2025, saving around Rp53b, (10-15% of internal energy requirements), with a further rollout planned.
- **Balance sheet deleveraging opens room for a higher payout.** The company has been on a deleveraging cycle since 2020, with net debt to equity down from 1.6x in 2019 to 0.2x as of 1H26. 1H26 net profit rose 9.4% yoy to Rp1,001b, and consensus is expecting a full-year net profit of Rp2,334b (+28% yoy). Historically, the DPR has ranged between 22% and 27%, leaving further room for an increase as leverage falls and capex stays confined to replanting.

Valuation

- **Attractive valuation.** With a mature average age of 15 years, the second-highest FFB yield in the sector at 21.4 tonnes/ha and a high OER of 23.3%, DSNG currently trades at an undemanding 8x PE (vs regional average of 15x) and a 17.2% ROE. On an asset basis it is valued at US\$10.4k per hectare, or Rp184m/ha, a 35% discount to TAPG, which we attribute in part to TAPG's higher dividend yield, and a far wider discount to NSSS of Rp714m/ha.

Valuation

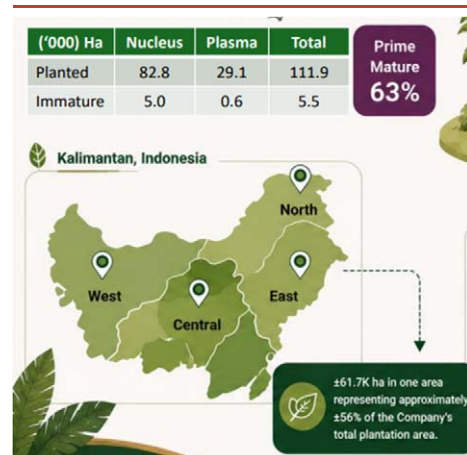
	Price	Market	3M Avg	PE	PBV	ROE	Div. Yield	Net
	01-Sep-26	Cap	Turnover	2026F	2026F	2026F	2026F	Gearing
Ticker	(Rp)	(US\$m)	(US\$m)	(x)	(x)	(%)	(%)	(%)
DSNG	1,710	1,022	0.4	8.0	1.3	17.2	2.7	30.2
TAPG	2,330	2,609	1.6	10.9	3.9	35.2	7.4	(8.8)
NSSS	850	1,141	0.5	20.8	6.5	38.5	n.a.	51.7
AALI	8,400	912	0.7	9.3	0.7	6.8	4.0	(11.4)
SSMS	930	500	0.6	n.a.	n.a.	n.a.	4.6	256.6
BWPT	109	194	1.0	n.a.	n.a.	n.a.	n.a.	154.2
Company	Avg age	FFB Yield (t/ha)	OER(%)	KER(%)	EV/ha (Rp mn)			
TAPG	13.8	24.4	23.3	4.9	286			
DSNG	15.0	21.4	23.3	4.4	184			
CSRA	11.7	20.1	20.7	4.7	101			
NSSS	11.5	20.0	22.2	4.8	714			
SSMS	14.0	17.6	22.1	4.4	170			
PSGO	11.0	17.3	18.2	2.8	114			
AALI	16.7	14.6	19.2	4.0	39			
LSIP	19.0	13.4	21.9	6.1	17			
BWPT	18.0	12.5	23.3	4.5	78			

Source: Bloomberg, UOB Kay Hian, Respective companies

Risk/Catalyst

- **Risk:** CPO price volatility, cost inflation from fertiliser and energy, El Nino production disruption.

Plantation area



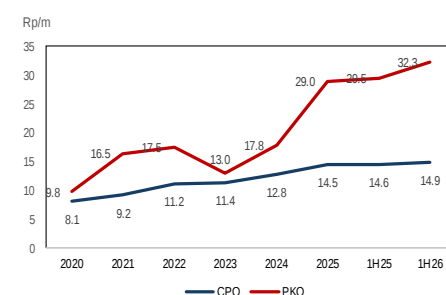
Source: DSNG, UOB Kay Hian

Operational data

	1H-2026	1H-2025	%YoY
Plantation Performance			
FFB Production (tons)	1,035,640	1,087,390	(4.8)
Nucleus (tons)	810,430	858,920	(5.6)
Plasma (tons)	225,209	228,470	(1.4)
Mill Performance			
FFB Processed (tons)	1,272,831	1,332,814	(4.5)
CPO Production (tons)	299,294	310,992	(3.8)
PK Production (tons)	56,593	59,261	(4.5)
PKO Production (tons)	18,429	18,780	(1.9)
CPO OER (%)	23.51	23.33	0.8
FFA (%)	2.98	3.05	(2.2)
Sales Performance			
CPO (tons)	318,987	312,220	2.2
PK (tons)	14,098	13,867	1.7
PKO (tons)	16,504	18,512	(10.8)
CPO ASP (Rp 'million/ton)	14.94	14.57	2.5
PKO ASP (Rp 'million/ton)	32.28	29.51	9.4

Source: DSNG, UOB Kay Hian

CPO and PKO ASP



Source: DSNG, UOB Kay Hian

Profit & loss

Year to 31 Dec (Rpb)	2022	2023	2024	2025
Net turnover	9,634	9,499	10,119	12,315
EBITDA	2,904	1,583	3,060	3,834
Deprec. & amort.	750	27	937	1,005
EBIT	2,154	1,556	2,124	2,829
Total other non-op. income	(125)	34	(5)	82
Associate contributions	1	2	3	4
Net interest income/(expense)	(419)	(449)	(478)	(412)
Pre-tax profit	1,610	1,141	1,640	2,500
Tax	(404)	(299)	(499)	(671)
Minorities	0	(2)	1	12
Net profit	1,207	840	1,142	1,840
Net profit (adj.)	1,207	840	1,142	1,840

Cash Flow

Year to 31 Dec (Rpb)	2022	2023	2024	2025
Operating	1,557	1,874	2,143	2,752
Pre-tax profit	1,610	1,141	1,640	2,500
Tax	(404)	(299)	(499)	(671)
Deprec. & amort.	750	27	937	1,005
Working capital changes	(501)	299	(68)	(217)
Non(cash items	102	706	132	135
Investing	(1,316)	(1,674)	(1,849)	(650)
Capex (growth)	(2,071)	(2,266)	(2,064)	(1,800)
Investments	780	728	833	1,021
Others	(25)	(137)	(617)	129
Financing	(350)	(212)	(173)	(1,930)
Dividend payments	(212)	(318)	(233)	(254)
Issue of shares	0	0	0	0
Proceeds from borrowings	174	945	1,460	23
Loan repayment	(637)	(1,085)	(883)	(1,243)
Others/interest paid	325	246	(517)	(455)
Net cash inflow (outflow)	(109)	(12)	121	172
Others	46	43	46	(137)
Beginning cash & cash equivalent	422	359	390	557
Ending cash & cash equivalent	359	390	557	593

Balance Sheet

Year to 31 Dec (Rpb)	2022	2023	2024	2025
Fixed assets	10,742	11,675	12,065	12,007
Other LT assets	1,386	1,554	2,450	2,488
Cash/ST investment	359	390	557	593
Other current assets	2,870	2,560	2,340	2,530
Total assets	15,357	16,178	17,412	17,617
ST debt	1,738	1,751	1,273	923
Other current liabilities	1,284	1,195	1,258	1,385
LT debt	3,709	3,826	4,460	3,182
Other LT liabilities	466	517	524	484
Shareholders' equity	8,034	8,716	9,723	11,481
Minority interest	126	174	174	162
Total liabilities & equity	15,357	16,178	17,412	17,617

Key Metric

Year to 31 Dec (%)	2022	2023	2024	2025
Profitability				
EBITDA margin	30.1	16.7	30.2	31.1
Pre-tax margin	16.7	12.0	16.2	20.3
Net margin	12.5	8.8	11.3	14.9
ROA	8.3	5.3	6.8	10.5
ROE	16.2	10.0	12.4	17.4
Growth (% yoy)				
Turnover	35.2	(1.4)	6.5	21.7
EBITDA	43.5	(45.5)	93.3	25.3
Pre-tax profit	66.7	(29.2)	43.8	52.4
Net profit	66.0	(30.4)	36.0	61.1
Net profit (adj.)	66.0	(30.4)	36.0	61.1
EPS	66.0	(30.4)	36.0	61.1
Leverage				
Debt to total capital	40.0	38.6	36.7	26.1
Debt to equity	66.7	62.7	57.9	35.3
Net debt/(cash) to equity	62.3	58.4	52.3	30.2
Interest cover (x)	5.0	3.3	4.2	6.7

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