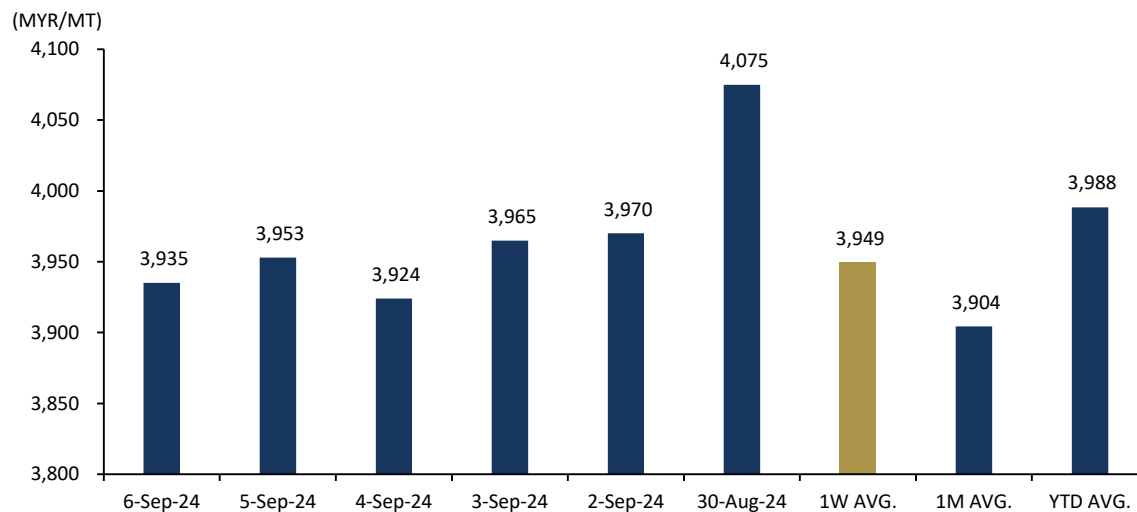
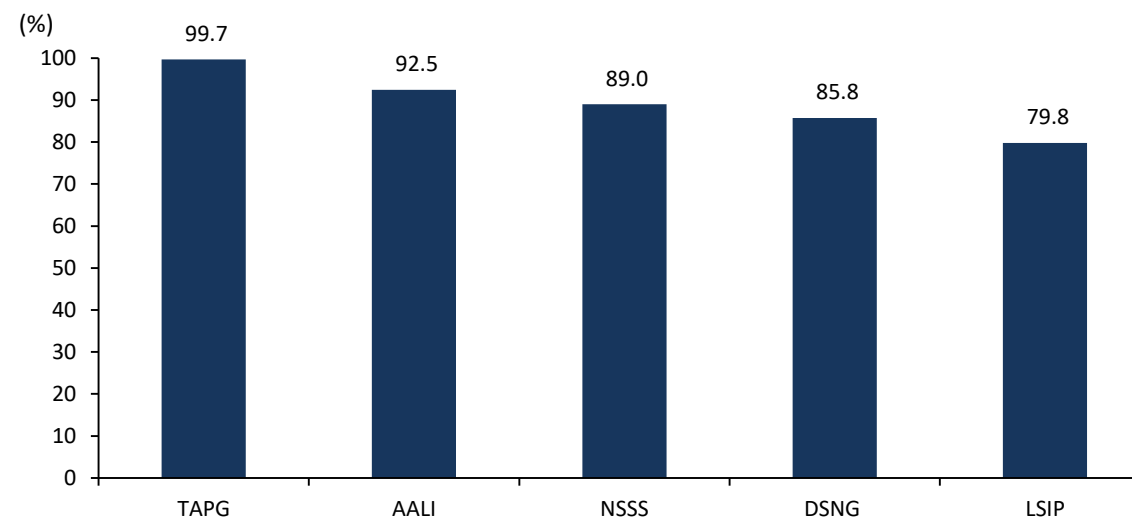


CPO Price Performance



CPO Contribution to 2Q24 Revenue, by Company



Recent Catalysts Driving the Price

- ❑ CPO prices declined -3.4% WoW, averaging MYR 3,949/MT, as some regular CPO consumers shift towards soybean oil as an alternative on higher production resulting in lower price spread.
- ❑ The shift towards soybean oil has intensified as its price premium over CPO has narrowed to almost zero, down from 12-month high of USD 565, mainly due to the -15% decline in prices YTD vs. +7% increase in CPO prices.
- ❑ Meanwhile to increase export, the Indonesian government, based on the current CPO reference price, is considering to lower the export levy from 10.7% to between 3% and 7.5%. Additionally, the current 6.2% export duty may also be cut. However, both reductions are pending the ministry of finance revised regulation (MoF Ruling No. 39, 2022).
- ❑ On the back of recent lower soybean prices, we may have to cut our FY24 CPO price forecast of MYR 4,100/MT. Nevertheless, for now our top picks remain with NSSS (TP IDR 265/sh) and TAPG (TP IDR 800/sh), supported by relatively young plantation profiles (<10 years old), reflecting higher crop and extraction yields.

Peer Comparables

Company Ticker	Market		Last Price (IDR)	2024F			
	Cap (IDR Tn)	Rating		EPS Growth (%)	P/E (x)	EV/Ha (USD)	ROE (%)
TAPG IJ	15.9	BUY	800	75.6	4.5	4,641	17.4
AALI IJ	12.8	HOLD	6,625	1.5	10.7	2,798	4.8
SSMS IJ	10.8	BUY	1,130	110.9	5.6	12,483	5.0
DSNG IJ	9.0	BUY	850	14.3	5.9	11,517	9.4
LSIP IJ	7.0	HOLD	1020	30.9	5.1	2,912	9.5
NSSS IJ*	4.6	BUY	191	344.2	99.7	14,580	4.1
Sector	59.9			74.9	14.3	7,046	9.1

*: FY24 figures are annualized