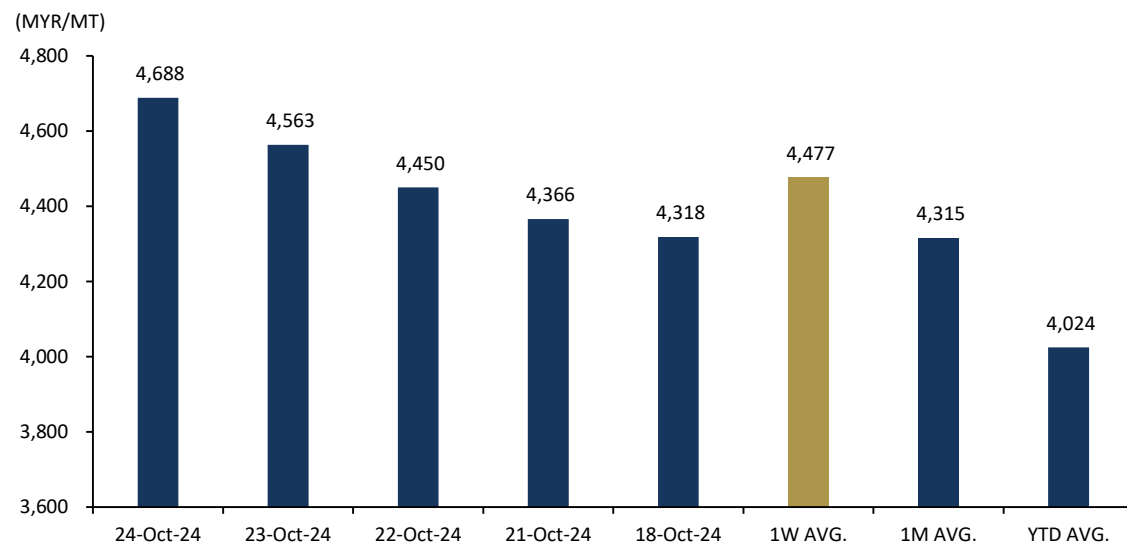


CPO Price Performance

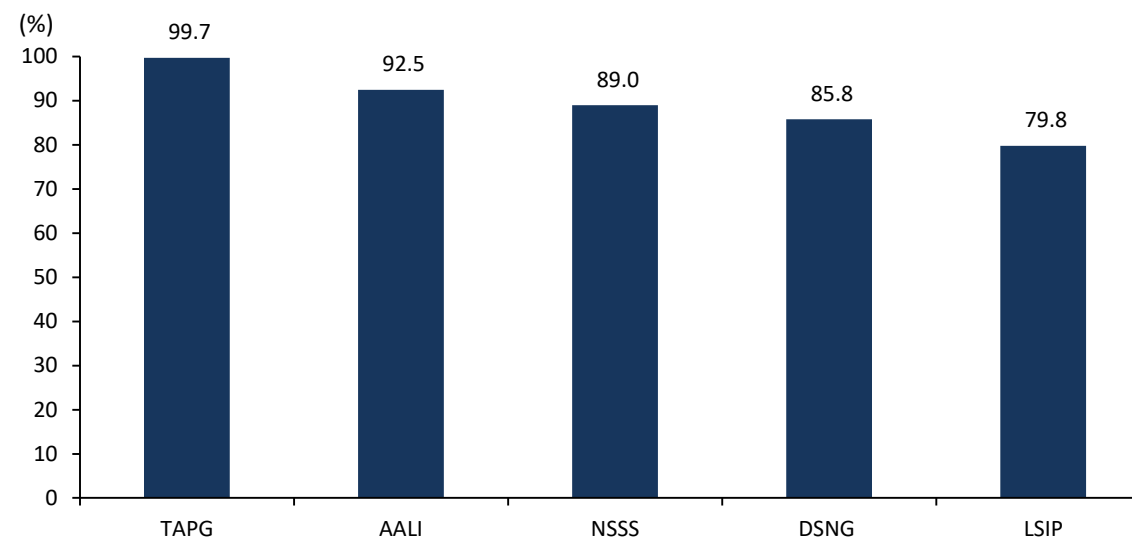


Recent Catalysts Driving the Price

- In 18-24 October 2024, CPO prices rose +2.9% WoW, averaging MYR 4,477/MT and touching its highest level since July 2022 at MYR 4,688/MT, mainly driven by concerns regarding tight supply outlook from Indonesia and Malaysia, which collectively account for over 80% of global production. Further production declines are expected during the monsoon season in November and December, providing additional price support.
- Due to rising biodiesel demand (c. 40% of CPO usage), Gapki estimates that Indonesia's 2024 CPO output will drop to 51mn tons, down from 54.8mn tons in 2023, with reserves projected to decline to 2.5mn tons by year-end, below the ideal 3mn tons. Malaysia has also experienced production challenges, particularly in the southern peninsula, where production fell 6.3% MoM in the first 20 days of October.
- At this stage, we retain our FY24 average forecast at MYR 4,100/MT (YTD: MYR 4,024/MT), with NSSS (TP IDR 265/sh) and TAPG (TP IDR 800/sh) as our top sector's picks, supported by their relatively young plantation profiles (<10 years old), reflecting higher crop and extraction yields.

Sources: Companies, Bloomberg, SSI Research

CPO Contribution to 2Q24 Revenue, by Company



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	18.1	BUY	800	910	-1.9	75.6	10.4	4,312	14.2
AALI IJ	13.3	HOLD	6,400	6,900	2.8	1.5	11.6	5,941	4.8
DSNG IJ	11.9	BUY	1,200	1,120	5.9	14.3	9.5	10,691	9.9
SSMS IJ	10.9	BUY	950	1140	2.0	110.9	5.6	13,871	5.0
LSIP IJ	8.6	HOLD	900	1265	10.7	30.9	8.3	2,796	8.5
NSSS IJ*	5.3	BUY	265	224	-0.6	344.2	120.7	17,659	4.1
Sector	68.0				2.7	71.5	18.1	8,122	8.6

*: FY24 figures are annualized

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