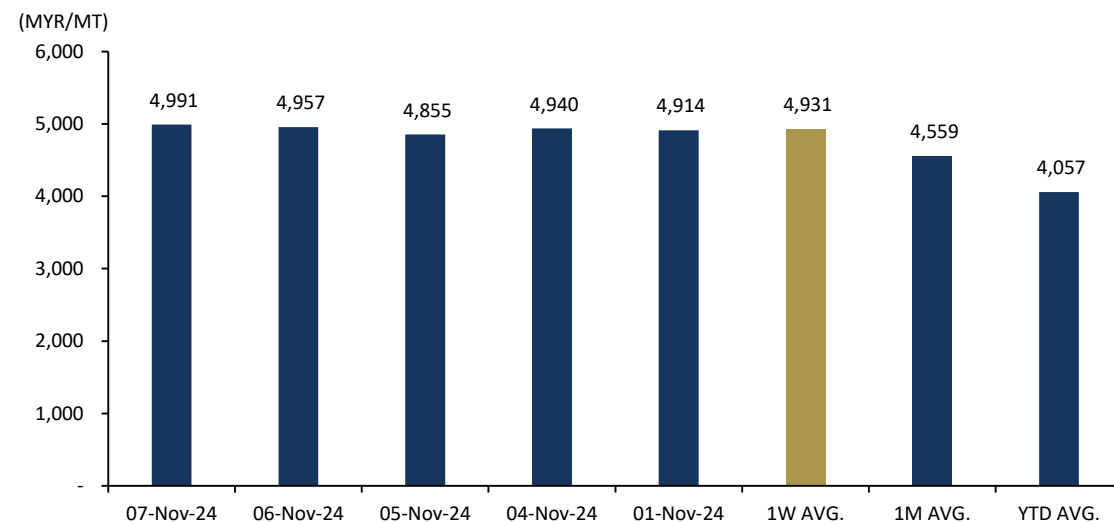


CPO Price Performance

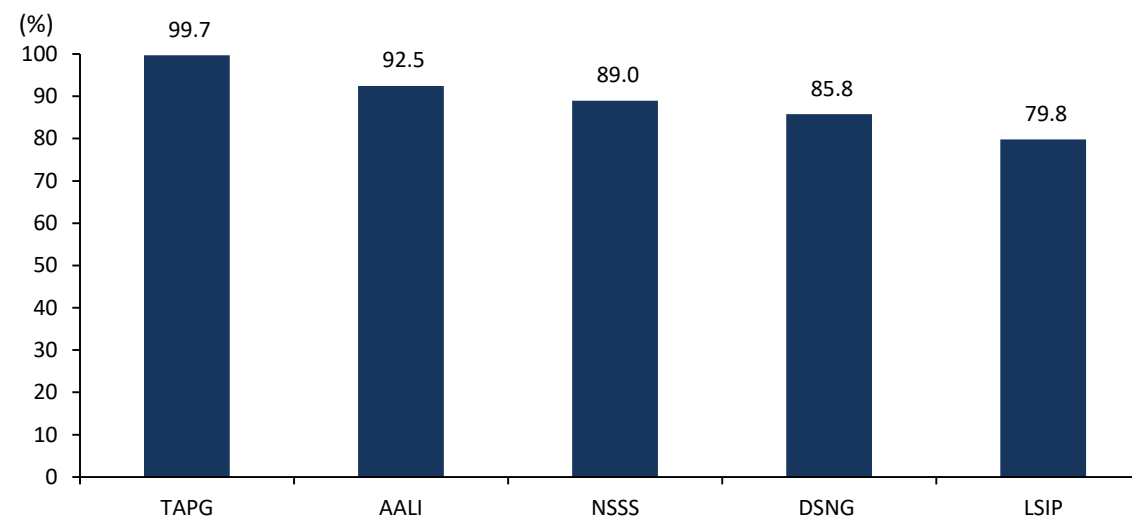


Recent Catalysts Driving the Price

- In 1–7 November 2024, CPO prices surged +4.5% WoW, averaging MYR 4,931/MT and hitting a two-year high for the second straight week, primarily driven by Indonesia’s tight supply outlook.
- In 2026, Indonesia plans to implement B50 (CPO-50% diesel fuel) as part of its strategy to reduce reliance on fossil fuels and save over USD 7.9bn in fuel imports. Consequently, domestic consumption of CPO for biofuel is expected to increase, especially with the persistent shortage, now standing at 3.9mn kl. Currently, Indonesia is using B35 and plans to transition to B40 starting on 1 January 2025.
- On the production side, we expect December’s CPO output to increase due to rainy season, boosting productivity and exerting downward pressure on CPO prices.
- The potential for higher output in December prompts us to retain our FY24 average forecast at MYR 4,100/MT (YTD: MYR 4,057/MT), with NSSS (TP IDR 265/sh) and TAPG (TP IDR 800/sh) as our top picks, supported by their relatively young plantation assets (less than 10 years old), which should translate to higher crop and extraction yields.

Sources: Companies, Bloomberg, GAPKI, 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	19.1	BUY	800	960	8.1	34.6	9.4	4,552	17.6
AALI IJ	12.8	HOLD	6,400	6,650	2.5	1.1	10.8	5,171	5.4
DSNG IJ	12.4	BUY	1,200	1,170	10.7	36.7	10.1	11,129	12.6
SSMS IJ	10.7	BUY	950	1125	(0.7)	54.5	13.2	13,758	34.5
STAA IJ	10.0	N.A	N.A	920	4.9	61.9	9.1	14,047	13.9
LSIP IJ	8.5	HOLD	900	1240	5.6	40.2	7.9	2,717	8.5
NSSS IJ	5.0	BUY	265	208	(1.1)	2122.2	112.1	16,720	4.1
Sector	78.4				5.1	168.1	16.5	8,736	14.8

Analysts: Farras Farhan, Fadhlan Banny