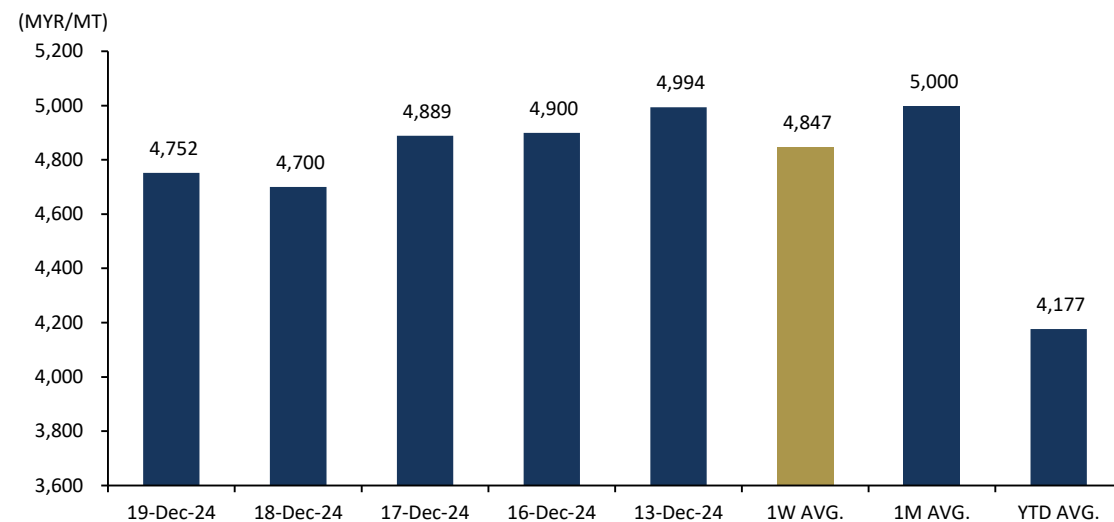


CPO Price Performance

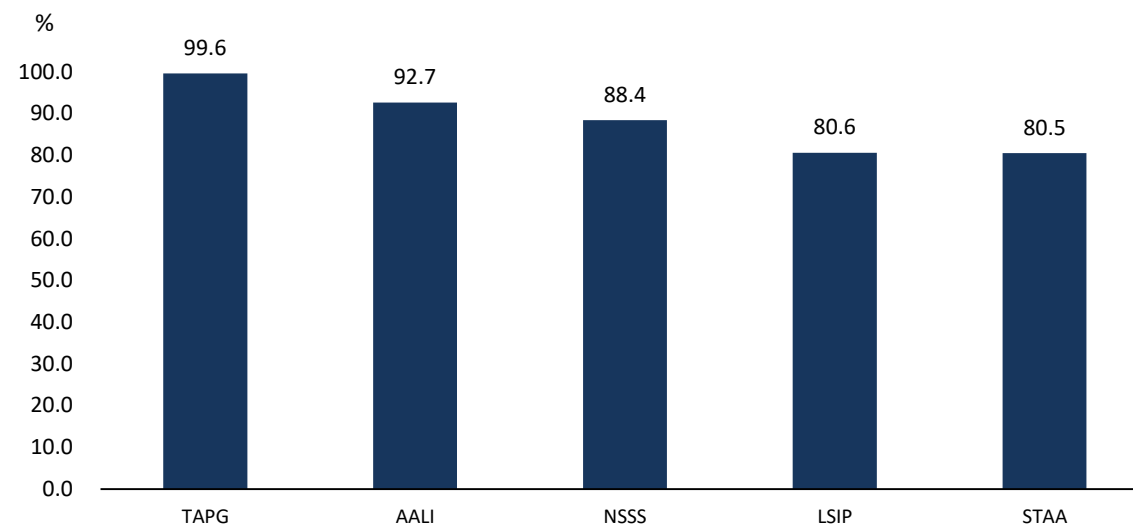


Recent Catalysts Driving the Price

- In the last five trading days, CPO prices plummeted -4.9% WoW, averaging MYR 4,847/MT. The decline was driven by a combination of stronger USD and seasonal factors as well as the availability of cheaper substitutes, which shifted consumer demand in China and India, two of the world's largest CPO consumers.
- Palm oil exports from Malaysia slipped nearly -10% MoM in the first half of December, a trend typically observed during winter (CPO tends to solidify at colder temperatures, complicating storage). Additionally, the drop in soybean oil prices (YTD: -20%, CPO +30%) has led some buyers to opt for the cheaper options, as reflected in the increase in November SBO reserves in China (+14% YTD to 941,500 MT) and India (+2% to 171,000 MT), and the considerable decline in CPO inventories in both countries (China: -36% YTD to 440,800 MT, India: -30% YTD to 365,000 MT).
- We fine-tune our FY24 average CPO forecasts from MYR 4,100/MT to 4,190 (YTD: MYR 4,177/MT) and MYR 4,500/MT in 2025F (prev: MYR 4,200/MT) on the back of B40 program and public preference towards CPO as cooking oil. On stocks, NSSS (TP IDR 350/sh) and TAPG (TP IDR 1,050/sh) are our top picks, due to young plantation profiles (<10 years old), reflecting higher crop and extraction yields.

Sources: Companies, Bloomberg, SSI Research

CPO Contribution to 3Q24 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	14.3	BUY	1,050	720	-4.9	34.6	7.6	4,144	17.6
AALI IJ*	11.4	HOLD	7,380	5,900	0.0	1.1	10.4	4,865	5.3
STAA IJ*	8.9	BUY	1,000	815	2.1	61.9	8.3	13,127	13.9
LSIP IJ*	6.7	BUY	1,331	980	-6.1	40.2	8.0	2,383	8.5
NSSS IJ	6.6	BUY	350	276	5.6	7,802.8	36.4	20,494	4.1
Sector	47.8				-1.1	1,101	12.4	7,985	10.9

*based on consensus

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