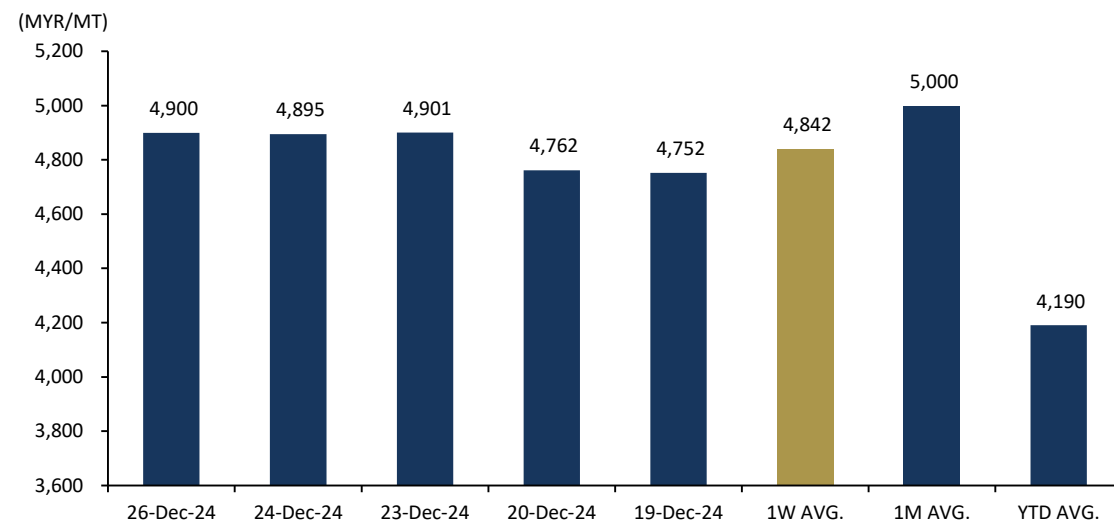


CPO Price Performance

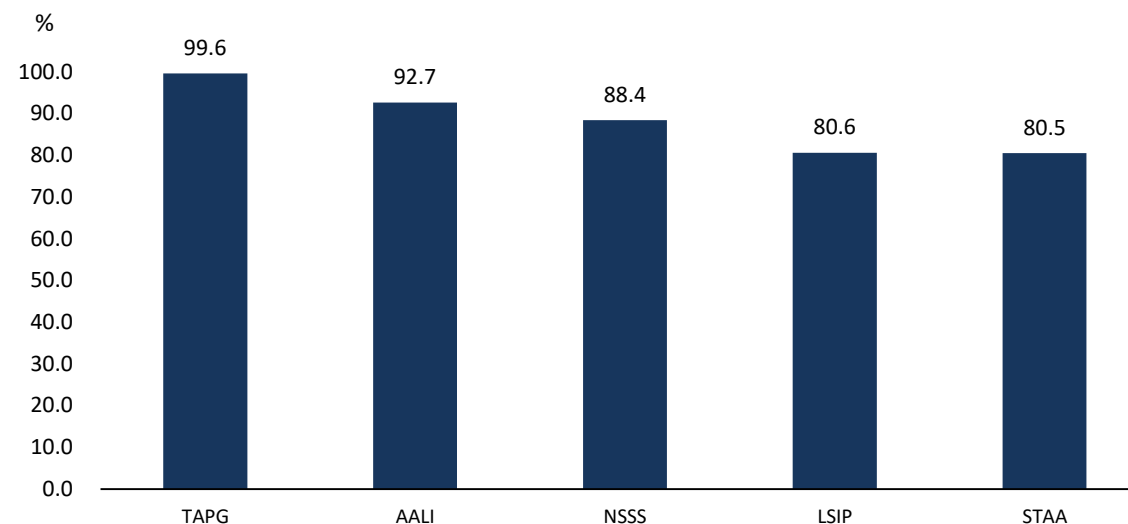


Recent Catalysts Driving the Price

- In the last five trading days, CPO prices fell -1.1% WoW, averaging MYR 4,842/MT. The decline was driven by a combination of stronger USD and seasonal factors.
- Malaysia's overseas shipments fell 8.3% MoM during the first 20 days of December, according to Intertek Testing Services. Exports to India, the largest buyer, dropped nearly 22% MoM. Demand typically weakens in winter as palm oil solidifies at colder temperatures (Malaysia's CPO exports decreased -3.2% MoM/-7.6% YoY in Dec-23 and -2.6% MoM/+3.5% YoY in Dec-22). Additionally, scattered showers predicted in Indonesia and Malaysia, favorable for CPO production, added pressure to prices.
- However, strong demand from China ahead of the Lunar New Year holiday in late January, along with Lebaran festivities in Indonesia and Malaysia, is likely to help offset further price declines.
- At this stage, we retain our FY24 average at MYR 4,190/MT (YTD: MYR 4,190/MT) and MYR 4,500/MT in 2025F 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	14.6	BUY	1,050	735	-2.6	34.6	7.6	4,144	17.6
AALI IJ*	11.2	HOLD	7,380	5,825	-4.0	1.1	10.4	4,865	5.3
STAA IJ*	8.6	BUY	1,000	795	-1.8	61.9	8.3	13,127	13.9
LSIP IJ*	6.6	BUY	1,331	965	-7.2	40.2	8.0	2,383	8.5
NSSS IJ	6.6	BUY	350	276	1.3	7,802.8	36.4	20,494	4.1
Sector	47.6				-2.9	1,105	12.4	7,959	10.9

*based on consensus

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