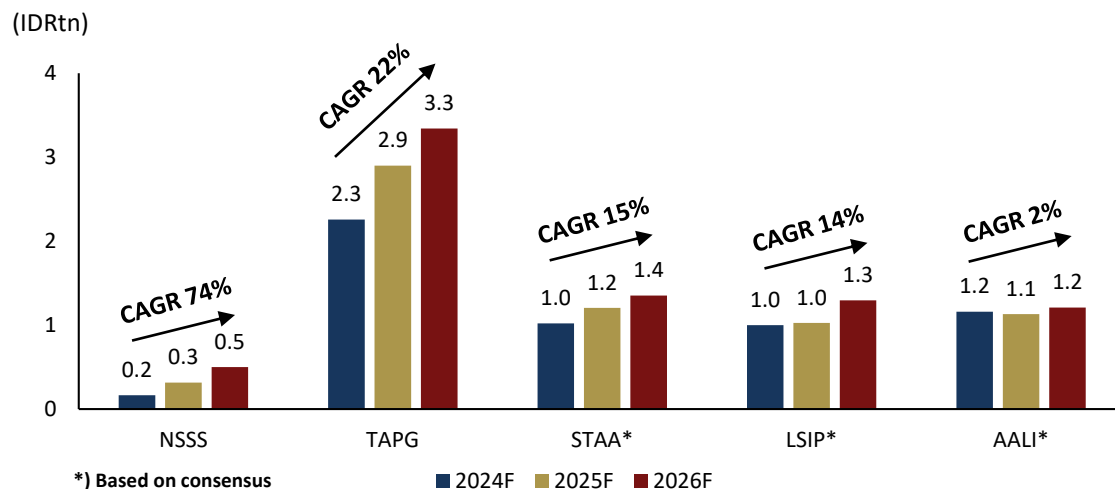


Plantation: Overweight with NSSS and TAPG as Top Picks

Sector Net Profit Outlook, by Company



Peer Comparables

Ticker	Mkt Cap (IDR Tn)	Rating	Target Price (IDR)	Last Price (IDR)	2025F			
					EPS Growth (%)	P/E (x)	EV/Ha (USD)	ROE (%)
TAPG IJ	16.0	BUY	1050	805	28.4	23.1	6,825	23.1
AALI IJ*	11.5	HOLD	7,377	5,975	-1.5	4.8	3,518	4.8
STAA IJ*	9.0	BUY	1000	830	25.4	7.9	12,370	12.4
LSIP IJ*	7.0	BUY	1312	1030	2.6	7.8	1,588	7.8
NSSS IJ	6.5	BUY	350	272	91.3	30.5	19,711	6.2
Sector	50.0				25.5	15.0	8,000	12.6

*) Based on consensus

SWOT Analysis: 2025 Outlook

Strength

Rapid 2025F sector EPS growth of 26% (2024F: 740%) on the back of expected high average CPO price (+7.2% YoY to MYR 4,500/MT); solid sectoral CPO output growth of c. +3.9% (vs. -3.6% decline in 24F), partly driven by the end of El Niño in May 2024

Opportunity

The implementation of B40 (40% CPO-60% diesel fuel) in January 2025 and B50 (50% CPO-50% diesel fuel) in 2026 is expected to boost domestic CPO consumption, providing upward support for CPO prices

Weakness

Weaker volumes on WTO's decision to uphold EU restrictions on palm oil use in biofuels which could exacerbate the downtrend in Indonesia's CPO shipments to several EU countries (Netherlands, Italy, and Spain experienced aggregate -58% drop between 2013-23) and lead to oversupply

Threat

Lower prices due to the lifting of palm oil moratorium which may encourage CPO players to expand planting areas, leading to greater volumes, but higher opex (forest clearing, etc.) and margin pressure

Relative 2024 Performance vs JCI

