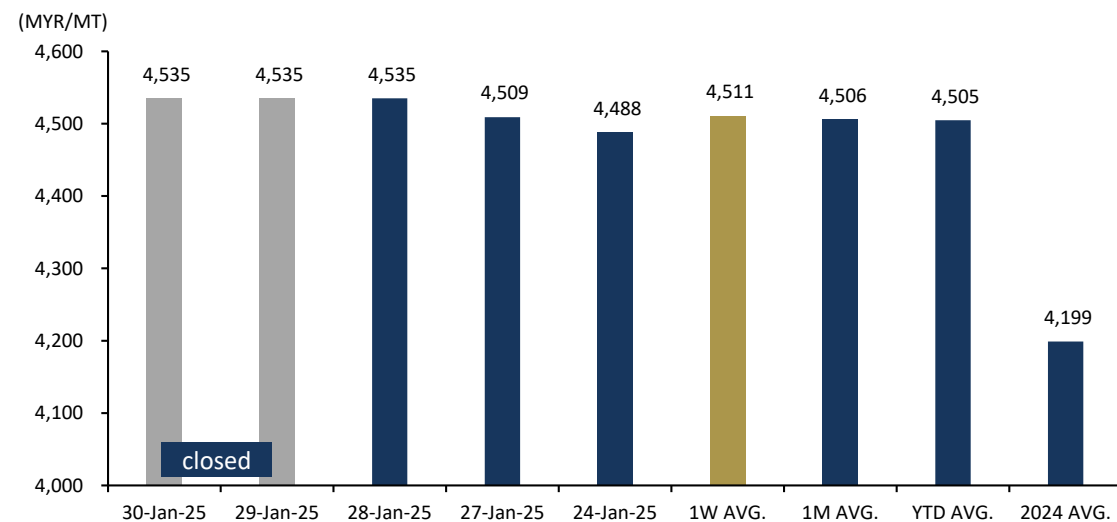


CPO Price Performance

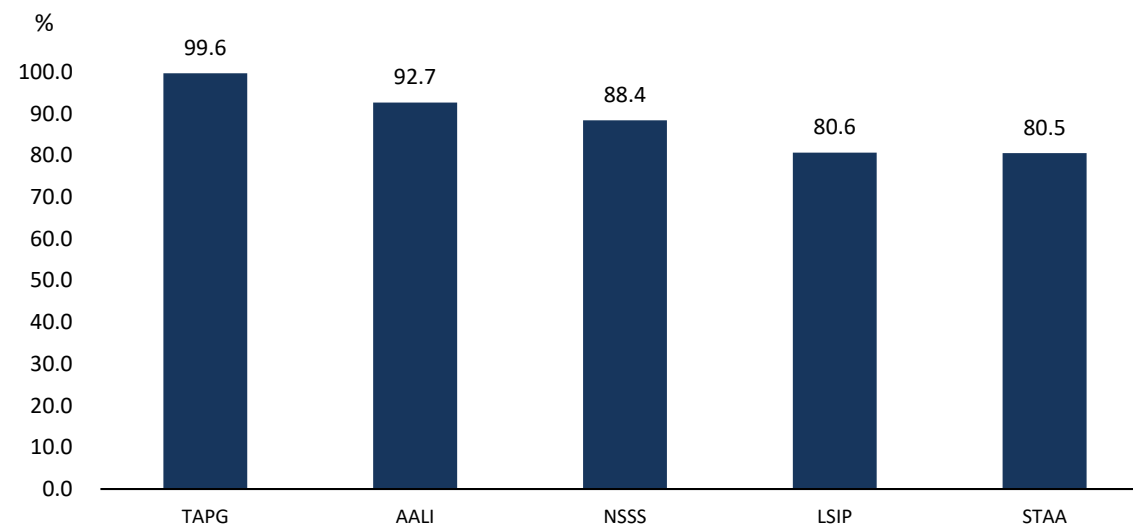


Recent Catalysts Driving the Price

- ❑ In the last three trading days, CPO prices increased +0.9% WoW, averaging MYR 4,511/MT, largely influenced by adverse weather in Malaysia and Brazil.
- ❑ According to the Malaysian Palm Oil Association, the country's CPO output in the first 25 days of January is projected to decline nearly 19% MoM. Recent heavy rainfall has caused flooding in Sabah and Sarawak, disrupting palm oil production and distribution, which should lead to CPO price support.
- ❑ Prolonged drought in Brazil led to weaker-than-usual rainy season, impacting the production of soybean oil, CPO's closest substitute. This has boosted demand for CPO, with Brazil's drought conditions expected to persist through at least 1Q25.
- ❑ Given the above conditions, our set 2025 forecast of MYR 4,500/MT (YTD: MYR 4,505/MT), up 7.2% YoY, may see upside, particularly also helped by B40 program and CPO's defensive nature. Stock-wise, NSSS (TP: IDR 350/sh) and TAPG (TP: IDR 1,050/sh) are our top picks due to their young plantation profiles (<10 years), allowing for 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 (%)	2025F			
						EPS Growth (%)	P/E (x)	EV/Ha (USD)	ROE (%)
TAPG IJ	15.7	BUY	1050	790	3.3	30.8	23.1	6,696	23.1
AALI IJ*	11.4	HOLD	7,377	5,900	0.5	2.5	5.1	3,471	5.1
STAA IJ*	9.1	BUY	1000	835	2.6	25.4	7.9	12,438	12.4
LSIP IJ*	7.1	BUY	1312	1045	2.3	4.9	8.1	1,663	8.1
NSSS IJ	6.9	BUY	350	290	5.7	91.3	30.5	20,739	6.2
Sector	50.2				2.7	28.1	15.2	8,225	12.6

*based on consensus

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