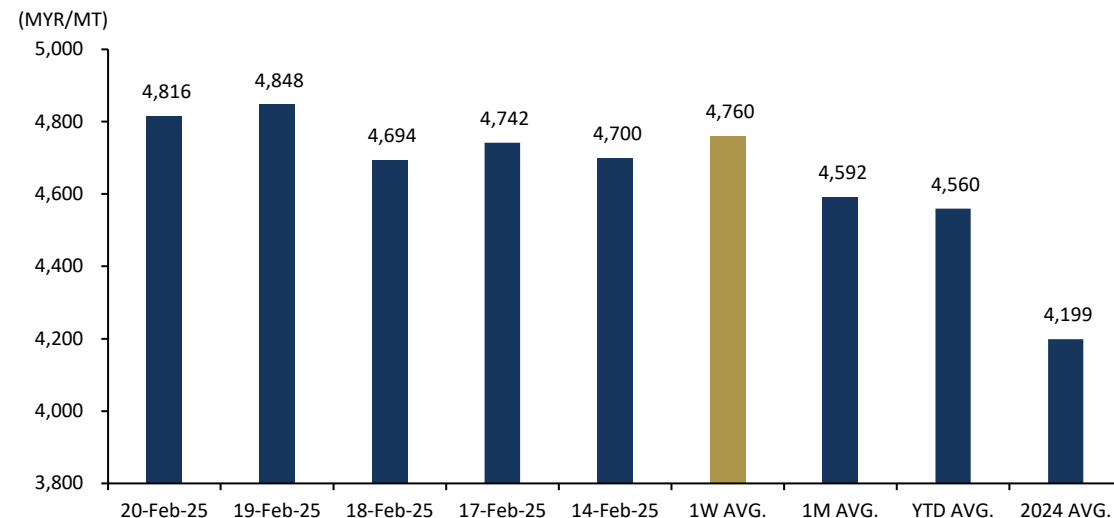


Palm Oil Weekly (14 – 20 February 2025): Avg. CPO MYR 4,760 (+1.9% WoW)

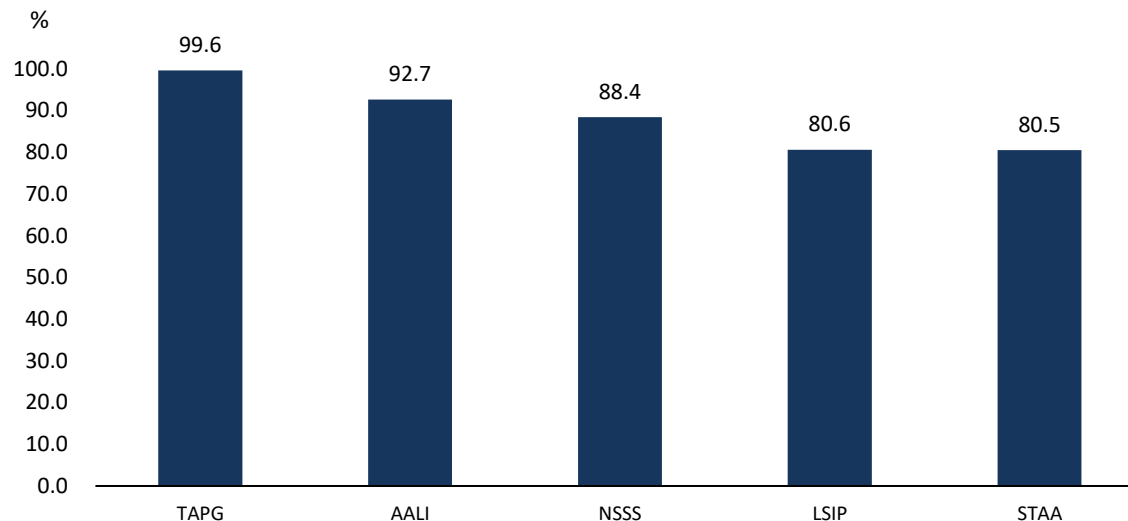
CPO Price Performance



Recent Catalysts Driving the Price

- In the last five trading days, CPO prices increased +1.9% WoW, averaging MYR 4,760/MT, driven by rising demand and tight supply with Indonesia's output projected to decline 9-15% MoM in January, while Malaysia's production likely to fall 10% to its 11-month low, mainly due to adverse weather.
- India (the world's biggest CPO importer) cancelled orders for 70,000 metric tons of CPO scheduled for delivery between March and June, potentially easing price pressure. However, according to Intertek Testing Services, Malaysia's CPO export to Africa and the Middle East jumped 23% MoM in the first 20 days of February as both regions stocked up for Ramadan, providing price support.
- CPO market may find another catalyst in the form of potential spike in demand for biofuel following recent Ukraine drone attack on Russian oil refinery, which may disrupt the Russia-Ukraine peace deal and affect global oil and vegetable oils supplies.
- Given these conditions, our 2025 CPO price forecast of MYR 4,500/MT (YTD: MYR 4,500/MT, +7.2% YoY) may have upside potential, further supported by B40 biodiesel program and CPO's defensive nature. Stock-wise, NSSS (TP: IDR 350/sh) and TAPG (TP: IDR 1,050/sh) are our top picks, given their young plantation profiles (<10 years), which allow for higher crop and extraction yields.

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	15.3	BUY	1050	770	-4.5	30.8	23.1	6,524	23.1
AALI IJ*	11.5	HOLD	7,377	5,950	3.6	3.4	5.1	3,502	5.1
STAA IJ*	9.1	BUY	1000	835	1.1	25.4	7.9	12,438	12.4
NSSS IJ	7.4	BUY	350	312	7.2	91.3	30.5	21,995	6.2
LSIP IJ*	6.6	BUY	1312	975	-4.6	4.9	8.1	1,313	8.1
Sector	49.9				0.1	29.1	15.3	8,517	12.5

*based on consensus