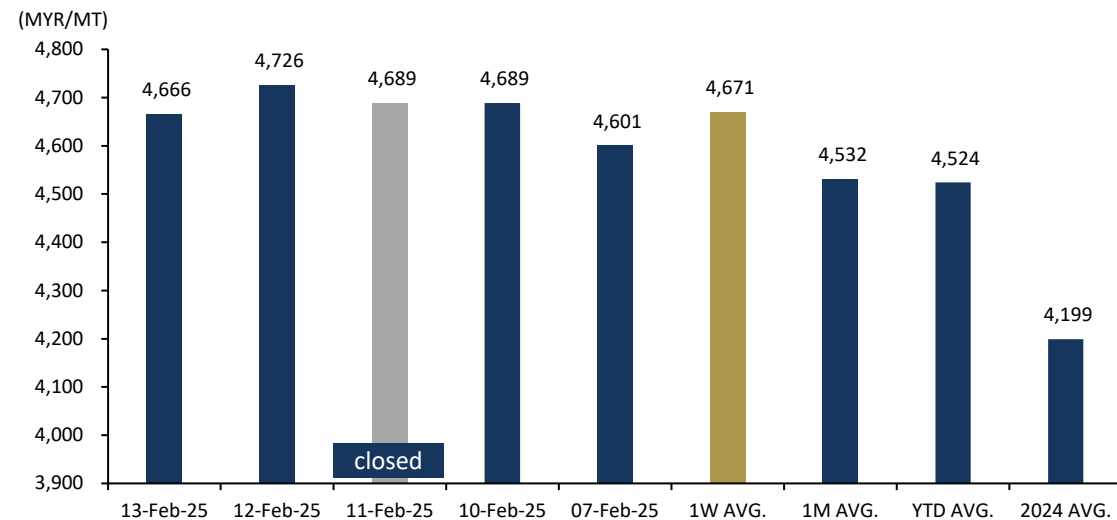


Palm Oil Weekly (7 – 13 February 2025): Avg. CPO MYR 4,671 (+4.3% WoW)

CPO Price Performance

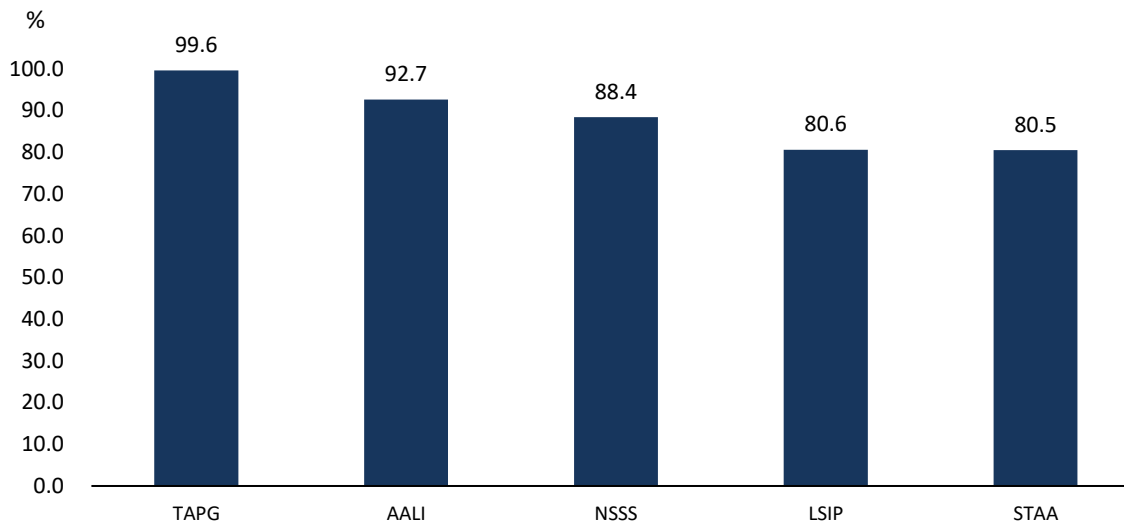


Recent Catalysts Driving the Price

- In the last four trading days, CPO prices jumped +4.3% WoW, averaging MYR 4,671/MT and peaking at MYR 4,726/MT on 12 Feb - its highest level in 2 months, as heavy rainfall in Malaysia constrained supply. However, prices fell -1.3% on 13 Feb amid speculation about potential Russia-Ukraine peace deal.
- Biofuel demand may weaken as oil prices decline, driven by potential lifting of sanctions against Russia (11% of global oil production), easing supply chain disruptions. In addition, fertilizer prices are expected to normalize as Russia (14% of global urea supply) resumes shipments, reducing vegetable oil production costs. Before the conflict, Ukraine accounted for 50% of global sunflower oil supply, a key CPO substitute. A peace deal could lower global sunflower oil prices, shifting consumers away from palm oil.
- Given these factors, our 2025 CPO price forecast of MYR 4,500/MT (YTD: MYR 4,500/MT, +7.2% YoY) faces downside risk. However, supply constraints from adverse weather, B40 program, and CPO's defensive nature may provide support. Stock-wise, NSSS (TP: IDR 350/sh) and TAPG (TP: IDR 1,050/sh) remain our top picks, given their young plantation profiles (<10 years), which allow 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	15.6	BUY	1050	785	10.6	30.8	23.1	6,653	23.1
AALI IJ*	10.8	HOLD	7,377	5,600	2.5	2.5	5.1	3,285	5.1
STAA IJ*	8.8	BUY	1000	805	3.2	25.4	7.9	12,027	12.4
LSIP IJ*	6.8	BUY	1312	995	5.9	4.9	8.1	1,413	8.1
NSSS IJ	6.8	BUY	350	284	2.4	91.3	30.5	20,396	6.2
Sector	48.7				5.7	28.4	15.3	8,054	12.7

*based on consensus

Analysts: Farras Farhan, Ahnaf Yassar