Sawit Sumbermas Sarana

Bloomberg: SSMS.IJ | Reuters: SSMS.JK

Plantation Sector

4 March 2025

JCI Index 6,520

BUY (Re-initiation)

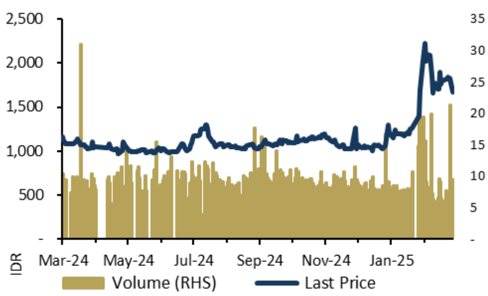
Target Price (IDR)	**2,500**
Potential Upside (%)	**55.3**

Stock Information	
Last Price (IDR)	1,610
Market Cap. (IDR tn / USD bn)	15.3/0.9
52-Weeks High/Low (IDR)	2,530/950
3M Avg. Daily Value (IDR bn)	12.8
Free Float (%)	30.4
Shareholders (%):	
PT Citra Borneo Indah	62.3
Public	30.4
PT Putra Borneo Agro Lestari	7.4

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	23.8	(27.5)	54.1	39.4
JCI Return	(7.9)	(7.3)	(9.4)	(10.8)
Relative	31.8	(20.2)	63.5	50.2

Stock Price & Volumes, 12M



Company Background

Established in November 1995, and listed on 12 December 2013, SSMS, owned by Citra Borneo Indah group (H. Rasyid), is an ISPO and RSPO-certified integrated CPO company. Based in Pangkalan Bun, Central Kalimantan, the company's operations cover both upstream and downstream segments. SSMS' 115,571 ha land bank is the fifth largest amongst listed CPO company in Indonesia.

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Plantation Powerhouse

SSMS, Indonesia's largest listed CPO company by market cap, is well-positioned to capitalize on elevated CPO prices, driving its focus on export expansions through increased production. The company targets 2025F FFB yield of 23.7 tons/ha (+16bps YoY) with 25% OER (+250bps YoY), translating to 570k tons of CPO (+12.9% YoY) while maintaining downstream integration through 70.2% owned CBUT. Higher production, coupled with cost efficiencies and deleveraging, is strengthening profitability, with 2025F net profit to reach IDR 1.2tn (+38.3% YoY). Strong cash flow supports 50% DPR, implying 24.0% dividend yield. With further upside from B40 implementation, we re-initiate coverage on SSMS with BUY and DCF-based TP of IDR 2,500, reflecting 20.6x P/E 2025F and 55.3% upside potential.

Integrated CPO company with vast, young profile. SSMS, based in Pangkalan Bun, Central Kalimantan, operates an integrated CPO value chain spanning 115,571 ha, with 82,634 ha planted. The company has a plantation profile in its prime, with average tree age of 15-16 years, ensuring long-term productivity. SSMS currently operates eight palm oil mills (540 TPH capacity) and 180 TPD kernel crushing plant with biogas facility. In 2024, SSMS produced nearly 1.707k mt of FFB, supplemented by 538k mt from independent suppliers, yielding 505k mt of CPO with zero waste. Following its 2023 acquisition of CBUT with its downstream operations, SSMS has become an integrated CPO company, paving the way for refining into higher-value palm oil derivatives.

Capitalizing on elevated CPO price and production improvement. SSMS has a built-in agility in its business model allowing for increased exports to India, Vietnam, and other key markets when global CPO prices rise and on the flip side, CBUT's refineries currently make it possible for the group to focus on downstream redirection efforts as overseas prices fall. With YTD average CPO prices of MYR 4,583/mt (+18.3% YoY), SSMS targets 2025F FFB production of 1.9 Mt (+0.7% YoY) and yield of 23.7 tons/ha (+16bps YoY). Assuming processing rate of 2.3 Mt FFB (64% utilization) with 25% OER (+250bps YoY), SSMS is set to produce 570k tons of CPO (+12.9% YoY), c.70% allocated for exports. Aside from 'raw' CPO, SSMS will continue down-stream operations, with 2025 Olein volume target of 271k tons (-0.6% YoY) and Stearin of 73k tons, leveraging supply chain to boost margins and reduce third-party reliance.

Robust >30% 2025F EPS Growth & 24% dividend yield; BUY with TP of IDR 2,500. Supported by 2025F FFB yield of 23.7 tons/ha, 25% OER, and higher CPO ASP of IDR 15,225/kg, we forecast SSMS to book 2025F revenue of IDR 11.2tn (+6.2% YoY) with IDR 2.7tn EBITDA (+17.8% YoY), driven by margin expansions from lower raw material purchases amid strong CPO production. On the bottom line, SSMS's net profit is projected to reach IDR 1.2tn (+38.3% YoY), aided by reduced interest costs from deleveraging. With its strong cash position, SSMS is expected to deliver 50% DPR in 2025F, translating to 23.9% dividend yield. Therefore, we re-initiate coverage with **BUY** rating and DCF-based TP of IDR 2,500, implying 20.6x P/E 2025F and 55.3% upside potential. Upside risk to our call is the government's B40 implementation while downside risks are lower CPO prices and potential operational delays.

Forecasts and Valuations (@ IDR 1,610 per share)

Y/E Dec	23A	24F	25F	26F	27F	28F
Revenue (IDR bn)	10,703	10,557	11,223	11,866	12,396	12,705
EBITDA (IDR bn)	1,598	2,311	2,723	2,988	3,331	3,531
EV/EBITDA (x)	11.1	9.9	9.0	7.4	6.7	6.2
Net Profit (IDR bn)	512	875	1,210	1,392	1,610	1,783
EPS (IDR)	54	92	127	146	169	187
EPS Growth (%)	(72.1)	70.8	38.3	15.1	15.6	10.7
P/E Ratio (x)	33.9	19.9	14.4	12.5	10.8	9.7
BVPS (IDR)	209	300	385	458	528	582
P/BV Ratio (x)	208.9	300.0	384.8	458.3	528.0	581.7
Dividend Yield (%)	39.0	-	24.0	39.8	53.4	70.6
ROAE (%)	27.3	40.0	40.1	37.1	36.4	35.6
ROAA (%)	4.5	7.6	10.5	11.4	12.6	13.5
Interest Coverage (x)	1.9	3.2	4.6	5.5	6.3	8.4
Net Gearing (%)	348.9	153.5	124.5	94.4	81.0	70.6

COMPANY OVERVIEW

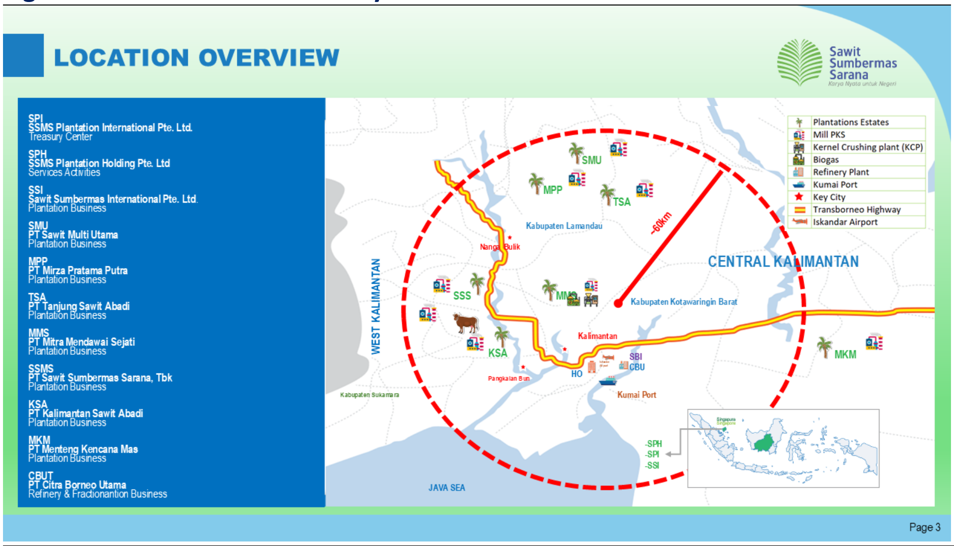
SSMS is an integrated plantation company specializing in CPO and PKO exports, along with refined palm oil products. Its main plantation in Pangkalan Bun, Central Kalimantan, spans 115,571 ha (82,634 ha planted) across three key regions. As one of Indonesia's leading CPO producers, SSMS holds RSPO and ISPO certifications, ensuring adherence to best practices from upstream to downstream.

SSMS is an ISPO and RSPO-certified CPO company with total land bank of 115,571 ha …

SSMS operates eight palm oil mills with a total capacity of 540 TPH, a 180 TPD kernel crushing plant (KCP), and a biogas facility generating 1.5 MW. Across its 23 estates, SSMS produced nearly 2 Mt of FFB in 2023, supplemented by 440k mt from independent suppliers, enabling CPO production of over 500k mt. Following its acquisition of CBUT in 2023, SSMS has integrated its CPO production with CBUT's downstream operations, enabling the company to refine its CPO into higher-value palm oil derivatives.

… operating 7 POMs, 1 KCP, and a biogas facility, producing over 500k mt of CPO, with downstream integration through CBUT

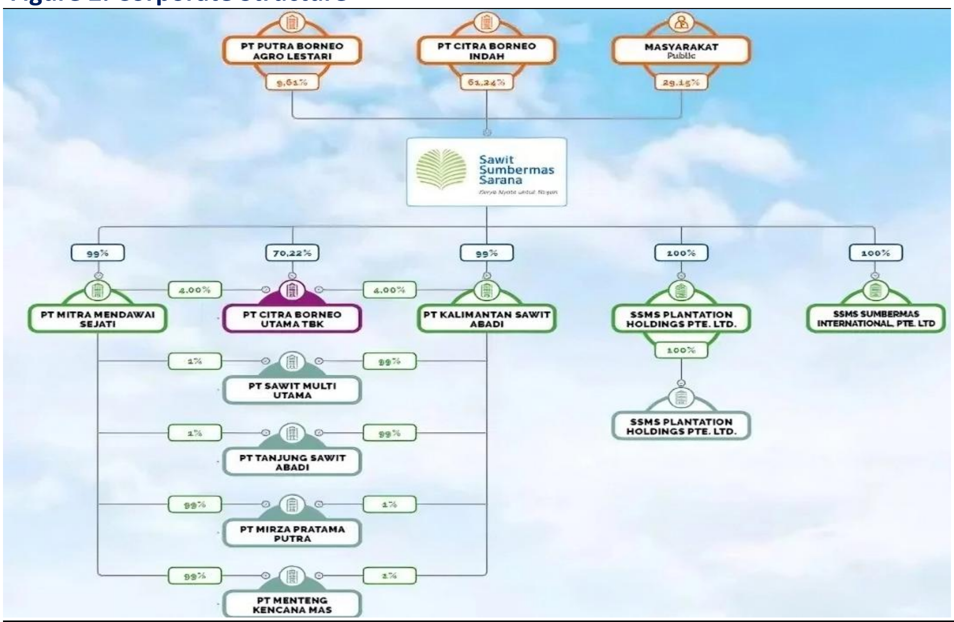
Figure 1. Plantation and Refinery Location



Sources: Company, SSI Research

Main plantation estates in Pangkalan Bun, Central Kalimantan, are strategically positioned to optimize both domestic and international logistics

Figure 2. Corporate Structure



Sources: Company, SSI Research

The company is 61.2% owned by PT Citra Borneo Indah, which holds a majority interest and is responsible for managing SSMS

SITE VISIT KEY TAKEAWAYS

We visited SSMS's Region 1 site in Pangkalan Bun, Central Kalimantan to gain a deeper understanding of its operations and business flow from upstream to downstream. Our first stop was the Sulung Research Station (SRS), SSMS's R&D center, where the company conducts rigorous research to determine the optimal fertilizer types needed for maximum planting efficiency, FFB quality maintenance, and insect/fungal mitigation. The R&D center plays a critical role in SSMS's operations, providing fertilizer recommendations to optimize procurement and application. Beyond research, SRS is instrumental in biofertilizer development and the utilization of FFB scraps. These byproducts are repurposed and sold to various industries.

We visited SSMS's Region 1 site in Pangkalan Bun, home to the Sulung Research Station (SRS), SSMS's R&D center

Figure 3. SRS R&D Products

SRS' products include various pesticides and fungicides, as well as biofertilizers made from FFB scraps

Sources: Company, SSI Research

In 9M24, SSMS allocated approximately IDR 576bn to fertilizers, accounting for ~11% of total COGS, highlighting their critical role in maintaining optimal palm tree growth and yield. Improper fertilizer application can significantly impact production, making precise procurement and application essential for efficiency and sustainability. To ensure a stable and cost-effective supply, SSMS conducts two open tenders annually, securing ~70% of its fertilizer requirements in 1H to optimize inventory levels and cost management. Despite ~65% of fertilizer raw material costs being USD-linked, SSMS mitigates currency fluctuation risks by negotiating fixed-price contracts, ensuring financial stability and cost predictability. Wilmar and SAMF are SSMS's largest fertilizer suppliers, providing steady and reliable supply that supports operational efficiency and long-term productivity. Additionally, SSMS continuously evaluates fertilizer formulations and supplier options to enhance cost efficiency and maintain soil health, reinforcing its commitment to sustainable and profitable plantation management.

In 9M24, SSMS spent ~IDR 576bn on fertilizers (~11% of COGS), securing ~70% in 1H through tenders, hedging USD-linked costs with fixed-price contracts, and relying on Wilmar and SAMF for supply stability

Next, we visited one of Region 1's harvesting areas, where we observed the FFB harvesting process firsthand. SSMS employs local workers as harvesters, assigning them daily targets of at least 44 FFB across a 4 ha coverage, with performance-based incentives for exceeding targets. Harvesting is only permitted once at least three small fruits drop from a tree, indicating optimal ripeness. Once trees reach their prime production stage, they can typically be harvested every seven days. Region 1's plantation area spans 35k ha, with an average tree age of 18-22 years, while SSMS's overall average tree age stands at 15-16 years (Nucleus only). When nucleus and plasma plantations are combined, the blended average tree age falls to 14.8 years, mainly due to Region 3's younger plantations (7-8 years old). This structured harvesting process ensures consistent yields, optimal plantation productivity, and long-term sustainability.

SSMS's Region 1 harvesters have daily target of 44 FFB

Figure 4. Harvesting Process at Region 1

Sources: Company, SSI Research

Harvesters collect FFBs from prime-age trees on a seven-day cycle, ensuring optimal yield and productivity

Figure 5. Region 1 Plantations

Sources: Company, SSI Research

SSMS' Region 1's plantation area spans 35k ha, with an average tree age of 18-22 years

Following that, we visited SSMS's processing mill, where FFBs harvested from its plantations are converted into multiple products under a zero-waste production model, ensuring no part of the FFB is discarded. The FFBs are first cooked and undergo a separation process to extract the fruits. SSMS utilizes horizontal cooking, which helps minimize oil losses and improve OER. The extracted fruits are then pressed and processed into CPO, PKO, and various byproducts, which are either exported or supplied to CBUT's refinery. SSMS maximizes resource efficiency by repurposing FFB waste as mill fuel, replacing diesel, while kernel waste is processed into feedstocks. The mill operates on a 20-hour/day shift, with the first mill processing ~90 tons/hour of FFB, resulting in total milling capacity of 3.4 Mtpa, 5-year average utilization rate of 59.1%, and OER of 22.1%.

SSMS processes FFBs with zero-waste system, converting into CPO, PKO, and byproducts, while utilizing waste for fuel and feedstocks

Figure 6. Horizontal Cooking at Mill #1

Sources: Company, SSI Research

SSMS uses horizontal cooking method to minimize oil losses and maximize OER output

Figure 7. Mill #1 Horizontal Cooking Method

Sources: Company, SSI Research

Post separation, the fruits are processed to produce CPO, PKO, and other byproducts, while the waste is utilized as mill fuel and feedstocks

We also visited SSMS's biogas plant, which converts plant waste into electricity. The plant has a capacity of 1.5 MW, consuming 350-400 tons of waste daily, equivalent to 750 tons of FFB. The fruit waste contains methane and sulfur, both essential for electricity generation at the mill. For a 20-hour shift, SSMS requires approximately 1.8 ktons of FFB for the first mill and 1.2 ktons for the second

SSMS' biogas plant utilizes bio-waste to generate electricity

Figure 8. Biogas Plant

Sources: Company, SSI Research

1.5 MW biogas plant consumes 350-400 tons of waste daily, equivalent to 750 tons of FFB

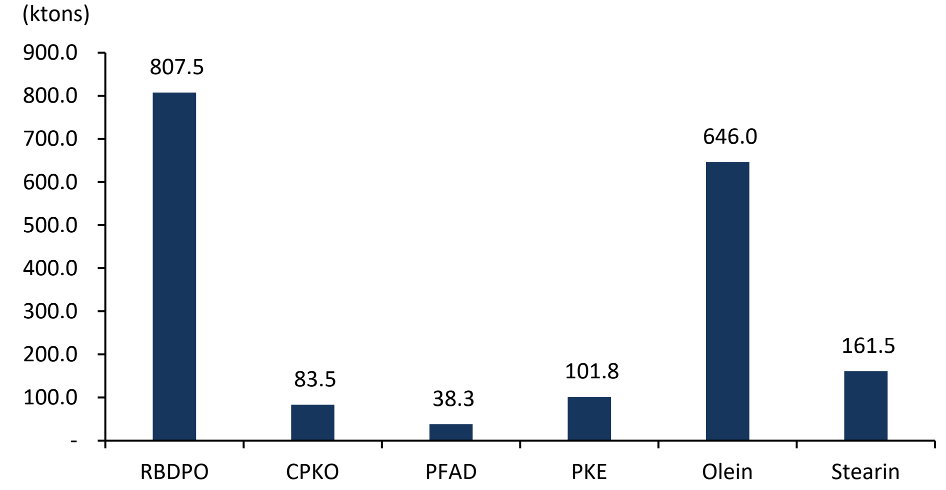
Last but not least, we visited SSMS's subsidiary, CBUT, which specializes in midstream and downstream refining, operating a 2.5 ktpd refinery and a 600 tpd kernel crushing plant. CBUT produces a range of high-quality palm oil derivatives, including: RBDPO (807.5 ktpa), CPKO (83.5 ktpa), PFAD (28.3 ktpa), PKE (101.8 ktpa), Olein (646 ktpa), and Stearin (161.5 ktpa). To produce these products, CBUT currently operates two refineries capable of processing over 850 ktpa of CPO, delivering top-quality midstream and downstream products, with RBDPO High-V at 95% (industry: 94%) and PFAD at 4.5% (5.5%). Additionally, CBUT is recognized for its premium Olein, with a High-V of 82.5% (industry: 80%), making it a preferred supplier for cooking oil producers such as Wilmar.

CBUT specializes in midstream and downstream refining with 850 ktpa CPO processing capacity, producing high-quality RBDPO, CPKO, PFAD, PKE, Olein, and Stearin to serve various industries

In anticipation of the upcoming B40 program, CBUT is preparing its second refinery to refine SSMS' CPO for B40 purposes. Initially focused on Olein production, the refinery is now scaling up output to align with B40 demand. Beyond biodiesel, CBUT processes PKO into CPKO, which is used in margarine, cream, and other food products, while its byproduct, PKE, serves as a key ingredient in animal feed.

CBUT is repurposing its 2nd refinery to support Indonesia's B40 program

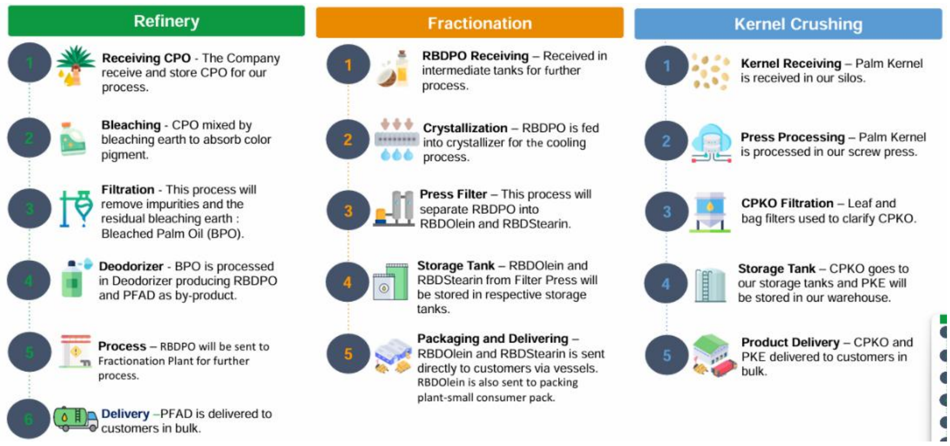
Figure 9. CBUT's Maximum Production Capacity



Sources: Company, SSI Research

CBUT produces various CPO and PKO derivatives

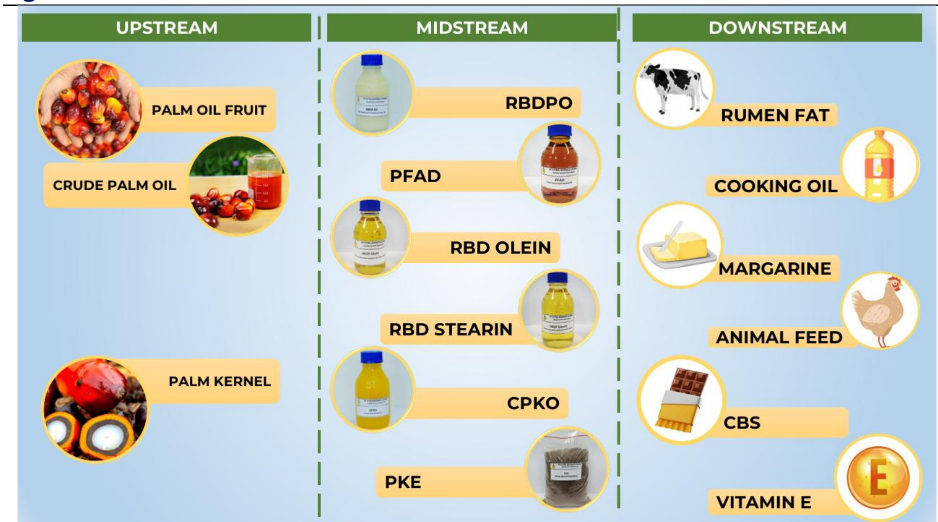
Figure 10. CBUT's Refinery Process



Sources: Company, SSI Research

CBUT refines CPO into RBDPO and PFAD, then fractionates RBDPO into RBD Olein and RBD Stearin, which are widely used in cooking oil, margarine, and other food products

Figure 11. CBUT's Products



Sources: Company, SSI Research

CBUT processes palm oil fruit and kernels into CPO and PKO, which are then refined into RBDPO, PFAD, RBD Olein, RBD Stearin, CPKOs, and PKEs

OPERATIONAL OVERVIEW

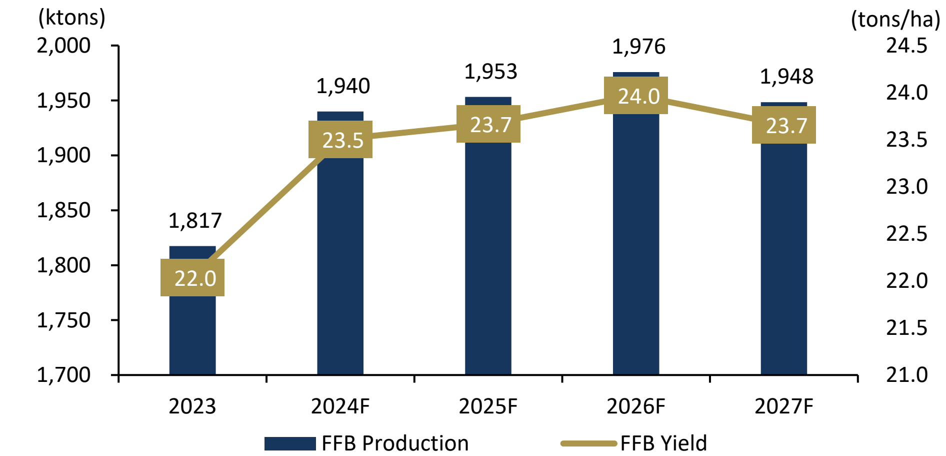
In 9M24, approximately 45.4% of SSMS' sales came from CPO, supported by FFB yield of 16.5 t/ha and OER of 22.6% (-20 bps YoY). Following SSMS's acquisition and consolidation of CBUT, the company has expanded into downstream operations, producing RBDPO, Palm Olein, and other derivative products, which collectively contributed IDR 4.0tn (54.6% of total sales). With CBUT's integration, SSMS now channels significant portion of its CPO output directly to CBUT, generating IDR 2.7tn (36.4% of revenue), while the remaining CPO sales are distributed across various domestic industries and export markets, further diversifying the company's revenue streams and strengthening its market presence.

In 9M24, approximately 45.4% of SSMS' sales came from CPO, while downstream revenue reached IDR 3.0tn (-54.7% YoY)

Supported by meticulous planting practices, prime plantation profile (15-16 years, Nucleus only), and substantial investment in R&D, SSMS has achieved 5-year average FFB yield of 21.1 tons/ha. In 2024, we project SSMS will attain blended FFB yield of 23.5 tons/ha, translating to total FFB production of 1.9 Mt (+6.74% YoY). For 2025, despite uncertain weather conditions, we anticipate SSMS will produce 1.9 Mt of FFB (+0.7% YoY), with an FFB yield of 23.7 tons/ha, driven by improved harvesting efficiency. To capitalize on sustained high CPO prices, averaging MYR 4,199/MT in 2024, SSMS plans to procure 468 ktons of FFB from third parties, bringing its total FFB processed to 2.3 Mt in 2025.

SSMS manages to record solid FFB yield with 5-year average of 21.1 tons/ha, supported by its meticulous planting and substantial investment in R&D

Figure 12. FFB Production & FFB Yield



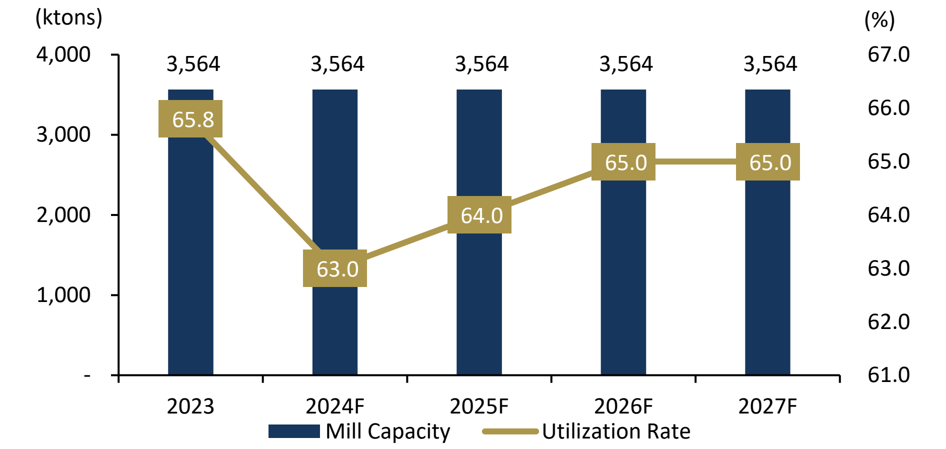
Sources: Company, SSI Research

We expect SSMS to produce 1.9 Mt of FFB in 2025, reflecting FFB yield of 23.7 tons/ha

SSMS's CPO mill, with a 3.2 Mt capacity, has operated at 5-year average utilization rate of 59.1%. In 9M24, utilization improved to 63%, and we anticipate further growth to 64% in 2025, driven by elevated CPO prices. Over the past five years, SSMS has maintained solid OER and KER, with 5-year average OER of 22.4% and KER of 4.3%, supported by the company's rigorous efforts to minimize oil losses. Management projects OER to reach 25% in 2025F, driven by prime-age tree profile in Region 1 & Region 2, sustained investment in fertilizers, and the company's horizontal cooking method. With these improvements, we forecast SSMS to produce 570k tons of CPO and 100k tons of PKO in 2025F.

SSMS targets higher OER of 25% (5-year average: 22.4%) driven by prime-age tree profile, optimal fertilizers, and horizontal cooking method

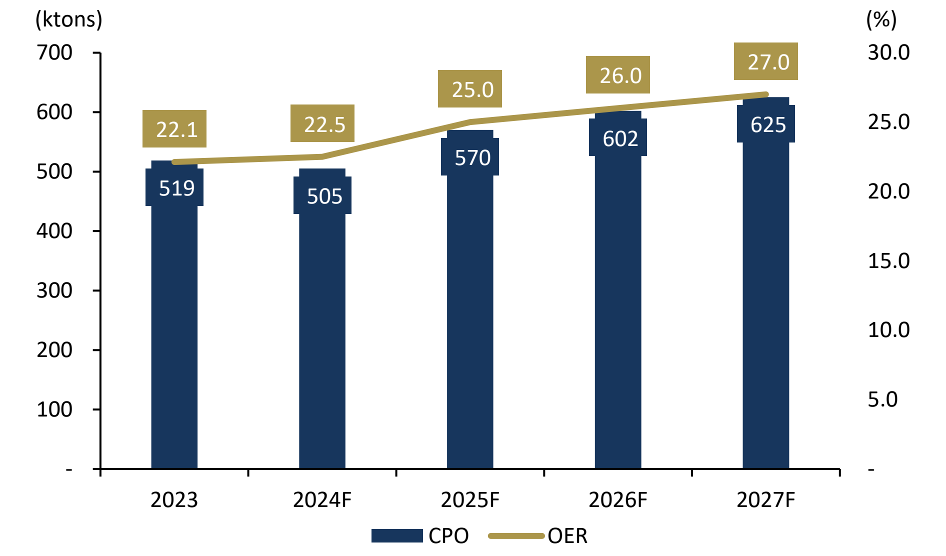
Figure 13. Mill Capacity



Sources: Company, SSI Research

SSMS's mill utilization rate is expected to rise to 64% in 2025 amid elevated CPO prices

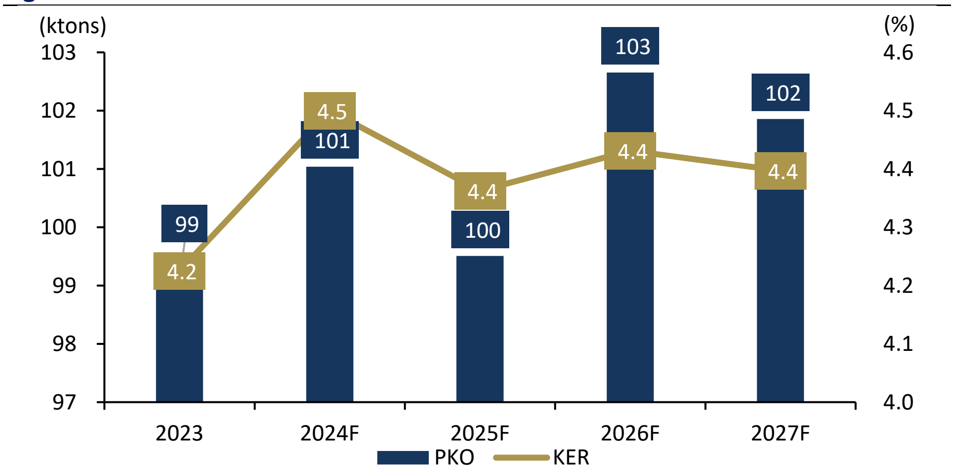
Figure 14. CPO Production



Sources: Company, SSI Research

We forecast SSMS 2025F production of 570k tons (+12.9% YoY) CPO, driven by higher OER of 25%...

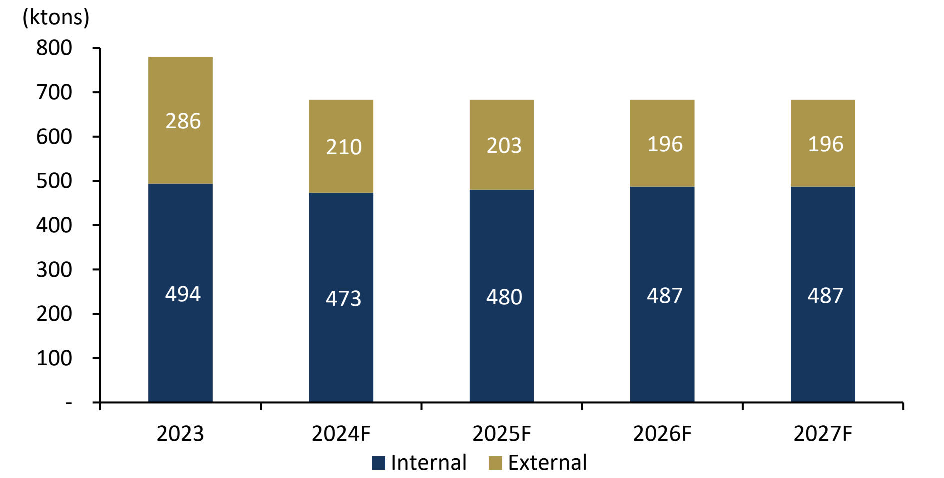
Figure 15. PKO Production



Sources: Company, SSI Research

...while PKO production may decline to 100k tons (-1.5% YoY, mainly due to lower KER of 4.4%

Figure 16. CPO Processed



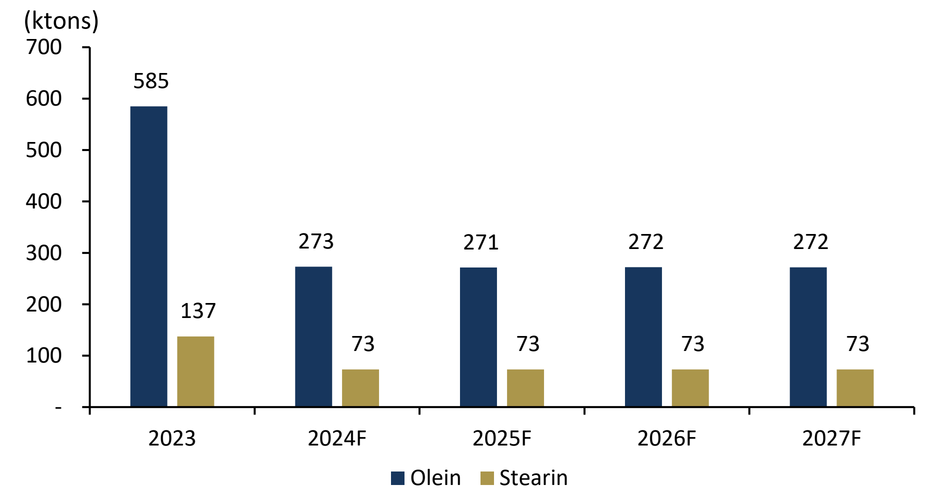
Sources: Company, SSI Research

To fully optimize its refinery capacity, CBUT may procure 203k tons of CPO from third parties

SSMS operates downstream production through CBUT, which has maximum fractionation capacity of 850 Ktpa. CBUT is critical in mitigating risks during low CPO price cycles by refining CPO into value-added products for various industries. In 2023, CBUT achieved a record-high utilization rate of 86.7%, capitalizing on weaker CPO prices and demonstrating its strategic importance in stabilizing SSMS's operations. However, with CPO prices now at MYR 4,199/mt, SSMS is expected to prioritize direct exports to key markets such as Vietnam, China, and India, leading to a projected decline in CBUT's utilization rate to 40% in 2025. This shift is expected to result in Olein and Stearin output of 271k tons and 73k tons. Additionally, the potential use of RBDPO in the B40 biodiesel program has not yet been factored into forecasts. If implemented, this initiative could serve as a significant positive catalyst for both SSMS and CBUT, further supporting downstream operations and mitigating the impact of fluctuating CPO prices.

SSMS expects CBUT's utilization to drop to 40% in 2024-25F as CPO exports rise, though the B40 program could provide upside

Figure 17. Olein & Stearin Production



Sources: Company, SSI Research

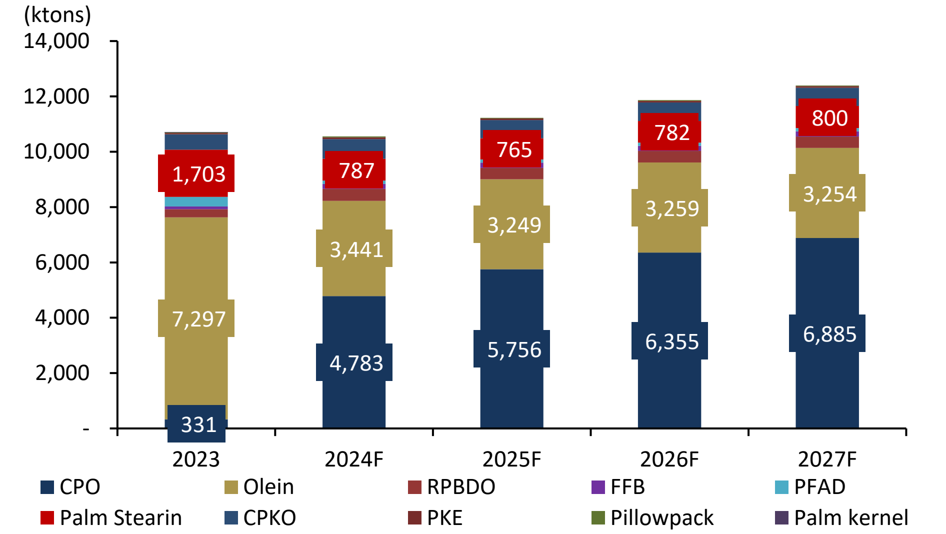
We expect Olein and Stearin production to decline to 271k tons (-0.6% YoY) and 73k tons, respectively, as lower utilization rates reflect SSMS's strategic shift toward boosting upstream exports amid elevated CPO prices

FINANCIAL OVERVIEW

We expect SSMS to book 2025F revenue of IDR 11.2tn, driven by higher CPO sales of IDR 5.8tn (+20.3% YoY; 51.3% of sales), supported by relatively high CPO prices of MYR 4,199/mt YTD and sales volumes of 378k tons (+14.6% YoY). To capitalize on elevated CPO prices, SSMS is likely to allocate more CPO towards exports, leading to lower inputs to its downstream refineries, which are projected to book 2025F revenue of IDR 5.3tn (-6% YoY). On the profitability front, we project SSMS to achieve 2025F GPM of 31.9% (+275 bps YoY), supported by flattish fertilizer cost of IDR 788bn (+2% YoY as chemical prices ease down amid de-escalation of the Russia-Ukraine conflict. Between 2022-2023, SSMS' fertilizer expenses spiked, averaging IDR 1.2tn, mainly due to escalated chemicals prices. Additionally, raw material purchase costs are expected to decline to IDR 4.7tn (-1% YoY), supported by reduced third-party CPO purchases. On the earnings front, we forecast SSMS to post 2025F EBITDA of IDR 2.7tn (+17.8% YoY), reflecting 24.3% EBITDA margin, while on the bottom-line, we expect SSMS to book 2025F net profit of IDR 1.2tn (+38.3% YoY) on the back of lower interest expense due to deleveraging and lower cost of debt.

SSMS is expected to book 2025F revenue of IDR 11.1tn (+7.8% YoY) with higher CPO exports, improved margins, and 2025F net profit of IDR 1.1tn (+33.7% YoY)

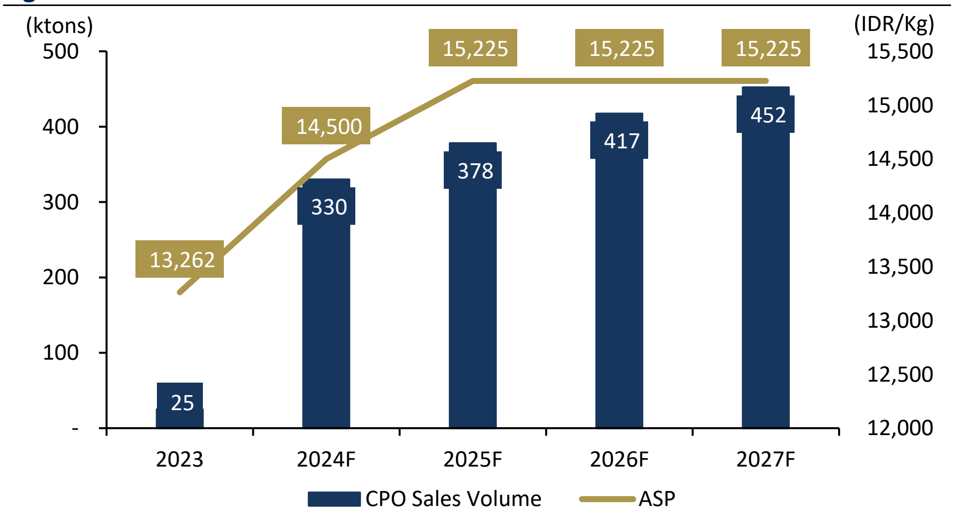
Figure 18. Revenue Mix



Sources: Company, SSI Research

Despite robust Olein sales in 2023, SSMS will likely allocate most CPO towards exports in 2025F to capitalize on high CPO prices (MYR 4,199/mt)

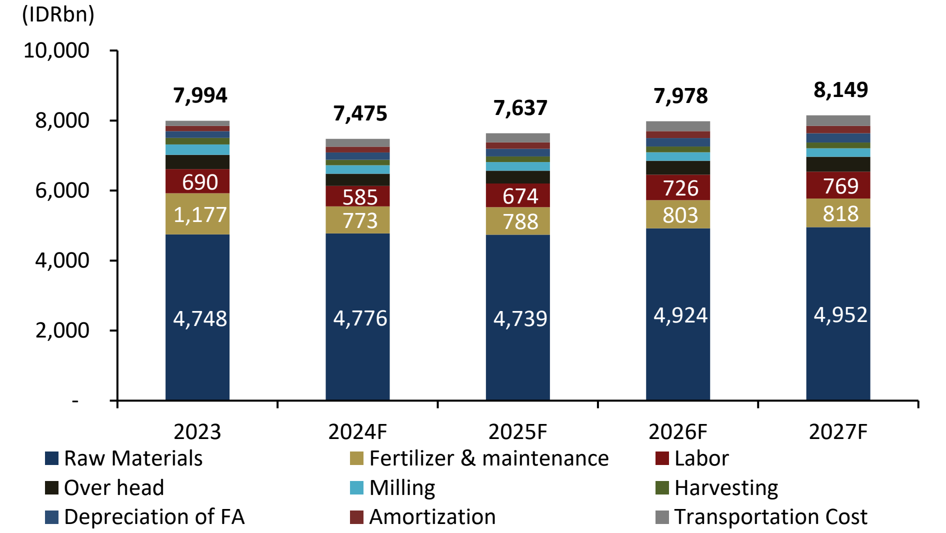
Figure 19. CPO Sales Volume & ASP



Sources: Company, SSI Research

SSMS' 2024 CPO sales volume spiked to 330k tons (+1,223.0% YoY) before growing to 378k tons in 2025F, largely thanks to elevated CPO prices that encourage more export efforts

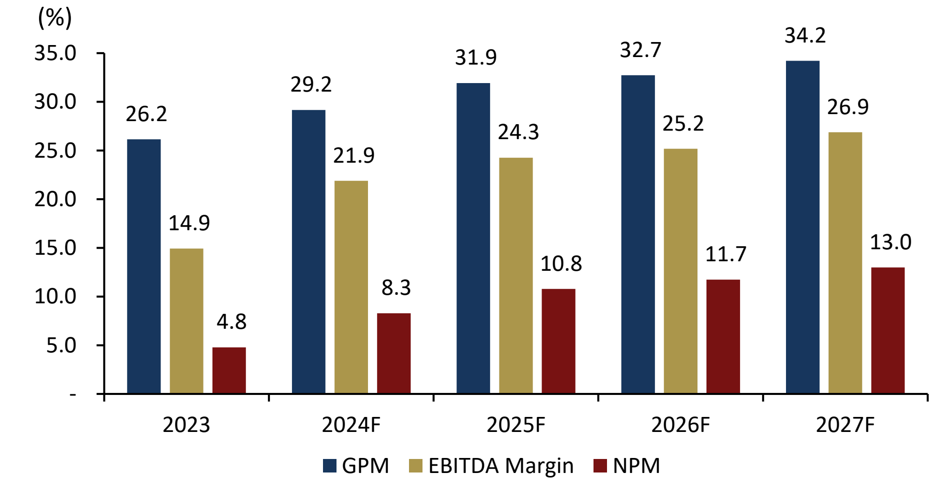
Figure 20. COGS Breakdown



Sources: Company, SSI Research

Fertilizer costs are expected to drop significantly to IDR 773bn (-34.4% YoY) in 2024 as chemical prices decline, following easing of Russia-Ukraine tensions, and remain relatively stable thereafter

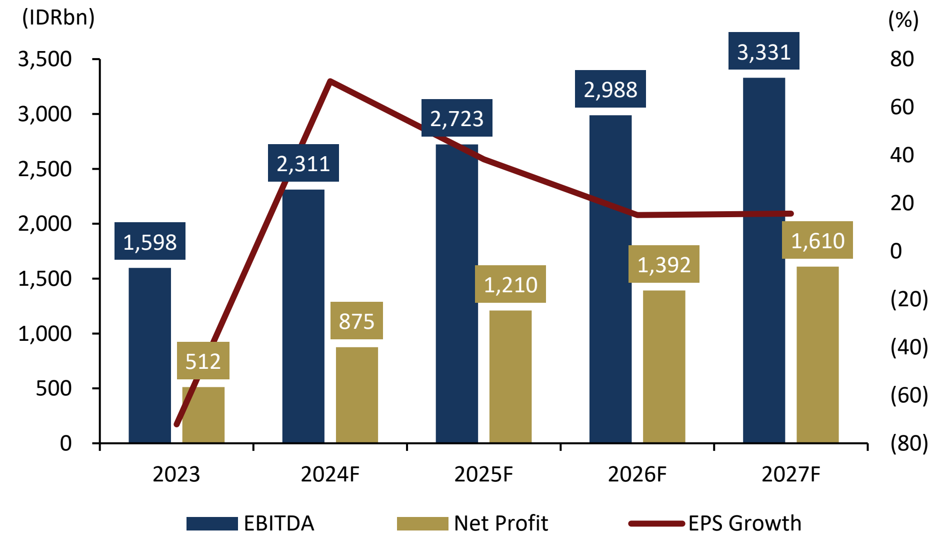
Figure 21. Profitability Margin



Sources: Company, SSI Research

We expect SSMS's 2025F EBITDA margin to expand to 24.3% (+240 bps YoY), supported by higher GPM of 31.9% (+270 bps YoY)

Figure 22. EBITDA & Earnings Growth

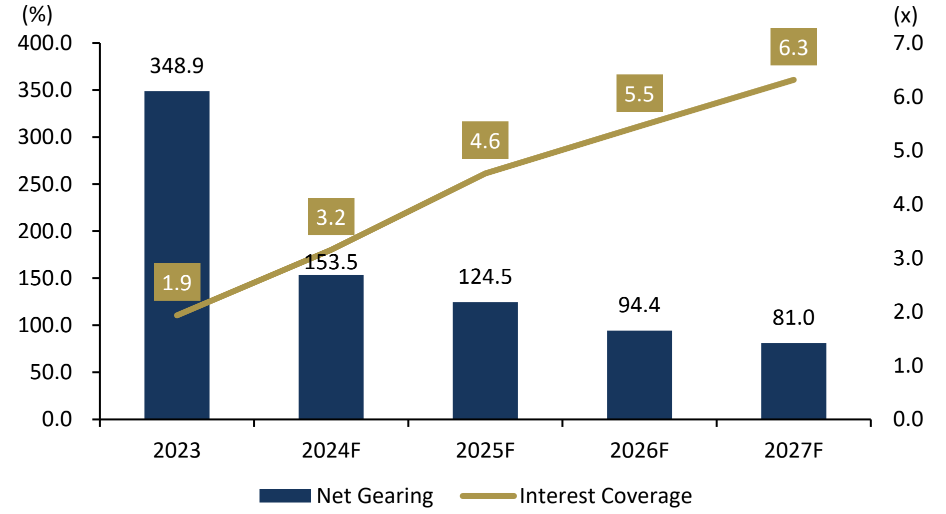


Sources: Company, SSI Research

2025F EBITDA of IDR 2.7tn (+17.8% YoY) and net profit of IDR 1.2tn (+38.3% YoY), supported by deleveraging and higher margins on lower input costs

SSMS is expected to continue its deleveraging initiatives, which began in 2024, significantly reducing net gearing from 349% to 154% in 2024 and further to 125% in 2025

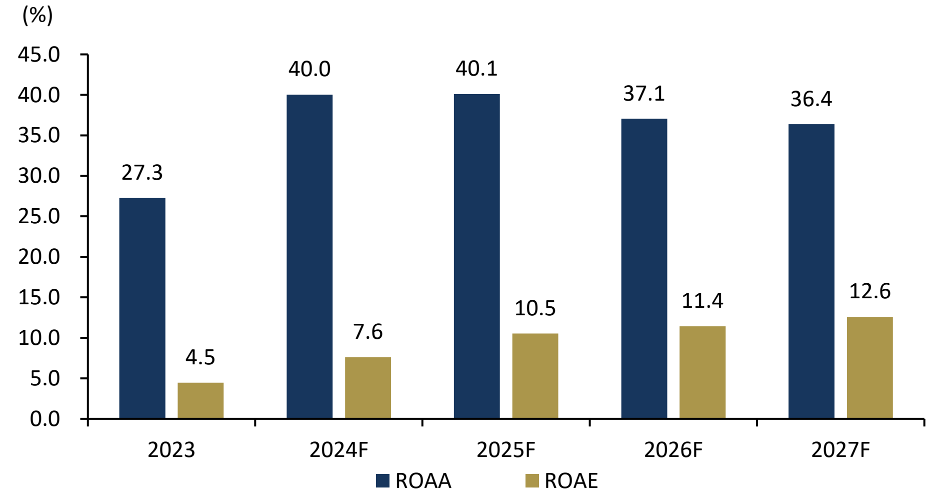
Figure 23. Net Gearing & Interest Coverage



Sources: Company, SSI Research

Supported by deleveraging efforts along with solid EPS growth of +38.3% in 2025F, we expect improvement in ROAE to 40.1% (+10bps YoY) and ROAA to 10.5% (+290bps YoY)

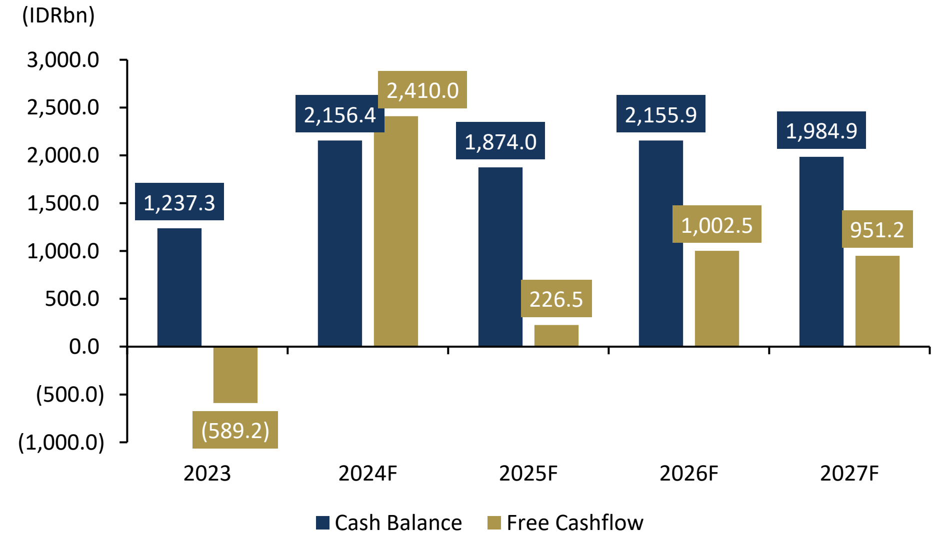
Figure 24. ROAE & ROAA



Sources: Company, SSI Research

A key factor enabling continued deleveraging is SSMS' positive free cash flow (FCF) generation, which began in 2024 and is expected to remain sustainable in the coming years, providing financial flexibility

Figure 25. Cash Balance & Free Cashflow



Sources: Company, SSI Research

VALUATION

Using the DCF method with a 5-year investment horizon, we value SSMS with WACC of 10.2% (CoE: 14.3%, after-tax CoD: 7.8%) and terminal growth rate of 2.5%. This results in enterprise value of IDR 28.8tn and equity value of IDR 23.9tn, translating to fair value of IDR 2,500 per share. Our valuation implies 2025F EV/ha of IDR 415.7, EV/ton of IDR 15.7, and P/E ratio of 19.8x, 34.6% above the industry average. We believe SSMS' premium valuation is justified due to its integrated upstream-to-downstream operations, strong production metrics, and relatively young plantation profile. Additionally, the potential for an 50% DPR in 2025F and 2026F could serve as positive catalyst for the stock.

To derive SSMS' valuation, we utilize DCF method with 5-year investment horizon

Figure 26. DCF Valuation

DCF Valuation (IDRbn)	2026F	2027F	2028F	2029F	2030F	Terminal Value
EBIT	2,420	2,715	2,868	3,142	3,276	
(+) Depreciation	474	513	553	594	637	
(-) Tax	(573)	(663)	(713)	(799)	(846)	
(-) Capex	(817)	(863)	(901)	(922)	(959)	
Change in WC	(38)	(24)	(18)	(27)	(16)	
Net FCF	**1,466**	**1,678**	**1,790**	**1,989**	**2,092**	**26,623**
Discount Factor	0.9	0.8	0.7	0.7	0.6	
PV of FCFF	**1,615**	**2,036**	**2,392**	**2,929**	**3,393**	**16,412**

Enterprise Value	**28,778**
(-) Net Debt	(4,562)
(-) Minority Interest	(251)
Equity Value	**23,965**
Shares (Bn)	
Fair Value	9.53
Implied P/E (x)	**2,500**

Sources: Companies, Bloomberg, SSI Research

Our DCF calculation yields enterprise value of IDR 28.8tn and equity value of IDR 23.9tn, reflecting fair value of IDR 2,500

Figure 27. Peers Comparable

Company Ticker	Market Cap (IDR Tn)	EPS Growth (%)	P/E (x)	EV/Ha (USD)	ROE (%)	Div.Yield (%)	Plant Area (K Ha)
TAPG IJ	15.5	30.8	23.1	6,609	23.1	8.4	160.0
AALI IJ	10.8	2.4	4.9	3,667	4.9	5.2	287.6
DSNG IJ	10.0	33.9	14.8	8,946	14.8	3.2	112.0
STAA IJ	9.2	25.4	7.9	12,507	12.4	N/A	41.8
NSSS IJ	7.0	91.3	30.5	21,081	6.2	N/A	91.8
LSIP IJ	6.4	4.9	8.1	1,164	8.1	6.6	46.0
Sector	***76.8***	***30.6***	***15.2***	***7,882***	***19.5***	***12.9***	***114.1***
SSMS	**17.9**	**33.7**	**15.3**	**5,790**	**40.7**	**24.0**	**115.6**

Sources: Companies, Bloomberg, SSI Research

SSMS trades at 15.3x P/E 2025F, slightly above industry average is warranted given relative undervaluation on strong EPS growth, potential 50% DPR, and integrated business, ensuring adaptability amid CPO volatility

Our valuation is based on the underlying assumption that CPO prices will rise 5% and Olein prices will decline 5%, reflecting lower demand for downstream products both domestically and regionally, while also considering growing CPO import demand from key markets such as Thailand, Vietnam, and India; our sensitivity analysis considered two scenarios—bull case, with both prices rising 5% and bear case, with both prices falling 5%—and while revenue is expected to fluctuate by about ±5%, our bear case net profit suggest -19.7% reduction from our base and bull case yielding +19.3% increase, underscoring Olein's role as key driver for SSMS' performance.

Our valuation assumes +5% increase in CPO prices and -5% decline in Olein prices, reflecting lower downstream demand and stronger CPO import demand in key markets such as Thailand, Vietnam, and India

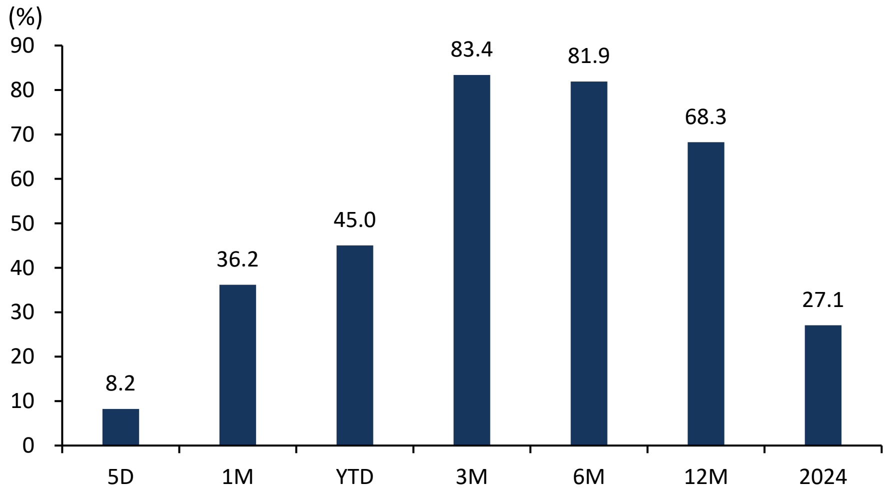
Figure 28. Earnings & Valuation Sensitivity Analysis

in IDRbn	**Bear (CPO & Olein -5%)**	**Base (CPO +5%, Olein -5%)**	**Bull (CPO & Olein +5%)**
Revenue	10,657	11,223	11,779
EBTDA	1,897	2,233	2,562
Net Profit	**932**	**1,161**	**1,385**
Variance			
Revenue	-5.0%	0.0%	5.0%
EBTDA	-15.1%	0.0%	14.7%
Net Profit	**-19.7%**	**0.0%**	**19.3%**

Sources: Companies, Bloomberg, SSI Research

Our sensitivity analysis indicates ±5% CPO and Olein price movements to cause bottom line change of ±19%

Figure 29. Relative to JCI



Sources: Bloomberg, SSI Research

Our premium TP of IDR 2,500 is justified, given SSMS' strong 45% YTD market outperformance, signaling further upside potential

Figure 30. SSMS' Board of Commissioners

Profile		Position	Years of Experience
	Bungaran Saragih earned a Ph.D. in Economic Philosophy from North Carolina State University in 1980. He served as Indonesia's Minister of Agriculture (2001-2004) and has held key leadership roles, including President Commissioner of PT Pupuk Indonesia (2015-2020) and Commissioner of PT Rea Kaltim Plantations (2007). He has been serving as the Company's President Commissioner since 2013.	**President Commissioner**	**24**
	Hoesen earned a Bachelor's degree in Agriculture from Padjadjaran University in 1990 and a Master's degree in Financial Management from Pelita Harapan University. With over 30 years of experience in financial industry, he has held key roles, including Head of Capital Market Supervision at OJK (2017-2022), Commissioner at PT Danareksa (2015-2017), and President Director of PT Kliring Penjaminan Efek Indonesia (2009-2012). Since 2022, he has served as the Company's Independent Commissioner.	**Independent Commissioner**	**3**
	Rimbun Situmorang earned a Bachelor's degree in engineering from Tumpal Dorianus Pardede Institute of Technology in 1989 and a Master's in management from PPM Management College. He has over 30 years of experience in the palm oil industry with several key roles in his CV, including President Director of PT Citra Borneo Indah (2011-2022) and PT Sawit Sumbermas Sarana (2013-2016), as well as President Commissioner of PT Citra Borneo Utama (2013-2022). Since 2016, he has served as the Company's Commissioner.	**Commissioner**	**14**

Sources: Company, SSI Research

Figure 31. SSMS' Board of Directors

Profile		Position	Years of Experience
	Jap Hartono earned a Bachelor of Business Administration from The University of Texas at Austin in 1992 and a Master of Business Administration from Boston University in 1995. His previous roles included Vice President at ABN AMRO Indonesia (1999-2006), Director at UBS Wealth Management Singapore (2006-2008), and CFO at PT Kencana Agri Ltd Indonesia (2017-2019). Appointed as Finance Director in 2021, he previously served as CFO since March 2020.	**President Director**	**8**
	Akhmad Faisyal earned a Bachelor's degree in Agrarian Engineering from Diponegoro University in 2003 and a Master's degree in Law from Sultan Agung Islamic University in 2017. With extensive experience in plantation management, he has held key roles, including Chief Operating Officer at PT Sawit Sumbermas Sarana Tbk (2024-present) and Regional Head (2020-2023). Previously, he served as Group Manager at PT Menteng Kencana Mas (2018-2021) and Estate Manager at PT Tanjung Sawit Abadi (2015-2018). Since 2024, he has served as the Company's Director.	**Director**	**19**

Sources: Company, SSI Research

Key Financial Figures

Profit and Loss						
Y/E Dec (IDR Bn)	**23A**	**24F**	**25F**	**26F**	**27F**	**28F**
Revenue	**10,703**	**10,557**	**11,223**	**11,866**	**12,396**	**12,705**
COGS	(7,904)	(7,478)	(7,640)	(7,982)	(8,154)	(8,273)
Gross profit	**2,799**	**3,079**	**3,583**	**3,884**	**4,241**	**4,432**
SG&A	(1,691)	(1,367)	(1,445)	(1,532)	(1,599)	(1,639)
Depreciations	**402**	**441**	**484**	**529**	**576**	**624**
Operating Profit	1,196	1,870	2,238	2,459	2,754	2,907
EBITDA	**1,598**	**2,311**	**2,723**	**2,988**	**3,331**	**3,531**
Interest Expense	(679)	(611)	(506)	(464)	(450)	(361)
Interest Income	**88**	**30**	**25**	**20**	**20**	**21**
Others	(39)	670	1,238	1,532	1,855	2,188
Pre-Tax Profit	**552**	**1,251**	**1,719**	**1,976**	**2,285**	**2,528**
Income Tax	(208)	(363)	(498)	(573)	(663)	(733)
Profit Incl. Minorities	**344**	**888**	**1,220**	**1,403**	**1,623**	**1,795**
Minority Interest & Adj	168	(13)	(10)	(11)	(13)	(12)
Net Profit	**512**	**875**	**1,210**	**1,392**	**1,610**	**1,783**

The company is poised to book robust 2024F EBIT of IDR 1.7tn (+54.5% YoY) and 2025F EBIT of IDR 2.1tn (+24.9% YoY) thanks to elevated CPO price and strong export sales

Balance Sheet						
Y/E Dec (IDR Bn)	**23A**	**24F**	**25F**	**26F**	**27F**	**28F**
Cash & Equivalents	1,237	2,156	1,874	2,156	1,985	1,852
Receivables	960	308	337	351	369	377
Inventories	792	396	422	446	466	477
Other Curr. Assets	2,039	1,388	1,807	1,735	1,904	1,905
Total Current Asset	**5,028**	**4,249**	**4,439**	**4,688**	**4,724**	**4,611**
Net Fixed Assets	4,814	5,032	5,364	5,706	6,057	6,404
Net Right of Use Assets	108	154	179	195	202	202
Other Non-Curr. Assets	1,860	1,688	1,875	1,940	2,048	2,086
Total Asset	**11,810**	**11,123**	**11,857**	**12,529**	**13,031**	**13,304**
Payables	364	292	325	326	340	342
ST. Debt	3,349	2,678	2,635	2,570	2,480	2,360
Other Curr. Liabilities	1,042	1,211	1,190	1,309	1,341	1,388
Total Current Liability	**4,755**	**4,181**	**4,150**	**4,205**	**4,161**	**4,089**
LT. Debt	4,831	3,864	3,801	3,707	3,577	3,404
Other LT. Liabilities	235	221	240	251	264	270
Total Liability	**9,820**	**8,266**	**8,192**	**8,163**	**8,002**	**7,763**
Minority Interest	239	236	251	265	277	284
Total Equity	**1,751**	**2,621**	**3,414**	**4,100**	**4,752**	**5,257**

Deleveraging efforts in 2024F makes SSMS' capital structure quite optimal, providing room for dividend payouts

Cash Flow

Y/E Dec (IDR bn)	23A	24F	25F	26F	27F	28F
Net Profit	**512**	**875**	**1,210**	**1,392**	**1,610**	**1,783**
D&A	375	403	438	474	513	553
Changes in Working Capital	408	976	(21)	(38)	(24)	(18)
Operating Cash Flow	**71**	**2,905**	**1,207**	**1,900**	**1,930**	**2,317**
Capital Expenditure	(347)	(621)	(769)	(817)	(863)	(901)
Others	(313)	126	(212)	(81)	(115)	(38)
Investing Cash Flow	**(660)**	**(495)**	**(981)**	**(898)**	**(978)**	**(939)**
Net - Borrowings	(1,780)	-	(437)	(726)	(975)	(1,288)
Dividends	(2,376)	(1,638)	(106)	(159)	(220)	(293)
Other Financing	4,175	147	34	165	73	70
Financing Cash Flow	**20**	**(1,491)**	**(509)**	**(721)**	**(1,122)**	**(1,511)**
Net - Cash Flow	**(570)**	**919**	**(282)**	**282**	**(171)**	**(133)**
Cash at beginning	1,807	1,237	2,156	1,874	2,156	1,985
Cash at ending	**1,237**	**2,156**	**1,874**	**2,156**	**1,985**	**1,852**

Positive free cashflow is expected throughout 2024-27F, and we expect SSMS to distribute dividends in 2025F with payout ratio of 50%

Key Ratios

Y/E Dec	23A	24F	25F	26F	27F	28F
Gross Profit Margin (%)	26.2	29.2	31.9	32.7	34.2	34.9
Operating Margin (%)	11.2	17.7	19.9	20.7	22.2	22.9
EBITDA Margin (%)	14.9	21.9	24.3	25.2	26.9	27.8
Pre-Tax Margin (%)	5.2	11.8	15.3	16.7	18.4	19.9
Net Profit Margin (%)	4.8	8.3	10.8	11.7	13.0	14.0
Debt to Equity (x)	4.7	2.5	1.9	1.5	1.3	109.7
Net Gearing (%)	348.9	153.5	124.5	94.4	81.0	70.6

Margins are projected to remain solid, driven by sustainable production outlook, economies of scale, and increased share of export sales

Major Assumptions

	23A	24F	25F	26F	27F	28F
CPO Sales Volumes (ktons)	25	330	378	417	452	471
CPO ASP (IDR/kg)	13,262	14,500	15,225	15,225	15,225	15,225
Olein Sales Volumes (ktons)	571	267	265	266	265	266
Olein ASP (IDR/kg)	12,781	12,909	12,263	12,263	12,263	12,263

We expect 2025F CPO ASP to rise to IDR 15,225/kg, in line with elevated CPO prices, prompting SSMS to scale up production and expand export efforts

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