Plantation Sector
A Strong Comeback!

OVERWEIGHT
(Upgrade from NEUTRAL)

We upgrade our call to OVERWEIGHT, as we *expect the global CPO prices to improve to RM 4,000/MT in FY23F and reach RM 4,200-4,400/MT in FY24F-25F (vs. current RM 3,790/MT), lower fertilizer cost, and strong earnings growth in FY24F-25F.*

CPO demand is surging…

- The CPO demand has recently surged due to a significant price advantage over other edible oils, especially soybean oil (Figure 1 & 4). Global soybean oil prices is currently trading at c.72% premium compared to CPO (vs. typically traded at c.22% premium above CPO prices in FY17-22) due to failed soybean harvest in Argentina (the world's third largest soybean producer) caused by a sudden drought season.
- This pricing disparity has resulted in a surge in India's palm oil import volume, reaching 1.1mn tons in Jul'23 (+61% MoM). Moreover, China has signed a deal with Indonesia to have an extra 1mn ton CPO imports in FY23F-24F. This is set to increase Indonesia's annual CPO export to China from 6mn tons in FY22 to 7mn-8mn tons in FY23F-24F.

…but we expect a lower supply ahead

- We expect the combined CPO production of Indonesia and Malaysia for FY23F/24F will decrease to 64.6mn/63.5mn tons (FY22: 65.6mn tons) as a result of this year's El Nino effect. Based on the BMKG's rainfall data, we expect the Sumatera area will be more adversely affected by El Nino than the Kalimatan area. It should be noted that Sumatera and Kalimantan contribute c.28% and c.41%, respectively, to Indonesia's total FY22 CPO production.

- Furthermore, we anticipate the potential for softer Indonesia's CPO production in the mid-to-long term due to low replanting activities, leading to an accelerated aging palm trees across plantations. According to our on-the-ground checks, many CPO planters in Sumatera have suspended replantings due to the risk of **Ganoderma disease**. This disease has a high likelihood of attacking and gradually decaying palm trees (further discussion on pg.9-10). It should be noted that this disease is caused by the long-term use of inappropriate fertilisers, and viable cures/treatments are not yet available.

Higher CPO prices + Normalizing fertilizer cost = Strong earnings growth

- The Brazil and North America fertilizer prices have fallen by 28%-57% YTD due to many countries/companies expanding their production capacities for fertilizer components (Urea, Phosphate, and Potash), such as:

  1) India, the largest urea producer globally (c.20% of total world urea producer) has expanded its annual production capacity from 28mn tons in FY22 to 35mn tons in FY23,

  2) OCP Group, the largest phosphate fertilizer producer in the world (c.31% of global phosphate producer), targets to increase its annual production capacity to 20mn tons by FY27F (FY22: 12mn ton/year),

  3) Mosaic company, the second largest Potash producer in the world (c.24% of global potash producer) targets to increase their annual production capacity to c.12mn tons in this year (FY22: 11mn tons/year).

- Fitch Ratings anticipates the prices of Urea (FOB Middle East)/Phosphate (FOB Morocco)/Potash (FOB Vancouver) to trade lower at USD 350/250/400 per tonne in FY23F (-53%/-10%/-36% YoY) and further decrease by -10%/-40%/-25% YoY in FY24F.

We expect the impact of declining global fertilizer prices to fully impact the CPO planters' (TAPG, DSNG, NSSS) earnings performance in FY24F-25F, as most of them have already secured their FY23F fertilizer needs since the beginning of this year. Taking into account the higher CPO prices and lower fertilizer prices, we project DSNG and TAPG's FY24F EPS to grow by c.24%-30% YoY and +14% to +15% YoY in FY25F, while NSSS' FY24F-25F EPS to grow by 472%/19% YoY due to its new CPO mill that will double its production capacity to 120 tph (from 60 tph).

Pecking order TAPG > DSNG > NSSS

We choose TAPG as our top pick (BUY TP: IDR 775/share) due to its productive palm tree age profile (c.12.7 years), resulting in the highest FY23F-25F FFB yield among peers at c.24 ton/Ha (DSNG/NSSS: c.22ton/c.19ton per Ha). TAPG also has better earnings growth visibility, as the company has secured its FY24F fertilizer needs at lower prices. We also like DSNG (TP: IDR 770/sh) and NSSS (TP: IDR 222/sh) owing to their productive palm tree age (DSNG/NSSS: c.13/c.9 years) and strong anticipated earnings growth.

Company	Rec	Price (IDR/sh)	TP (IDR/sh)	Ups/dw %	P/E (x) 23F	P/E (x) 24F	EV/EBITDA (x) 23F	EV/EBITDA (x) 24F	P/B (x) 23F	P/B (x) 24F	ROAE (%) 23F	ROAE (%) 24F	Div Yield (%) 23F	Div Yield (%) 24F
TAPG	Buy	565	775	37.2%	10.2	7.9	6.0	4.5	1.2	1.0	11.7%	13.9%	2.5%	5.3%
DSNG	Buy	615	770	25.2%	7.8	6.2	4.5	3.7	0.8	0.7	10.0%	11.6%	6.6%	4.5%
NSSS	Buy	187	222	18.7%	90.9	15.9	12.9	8.0	3.0	2.5	3.3%	15.9%	-	-

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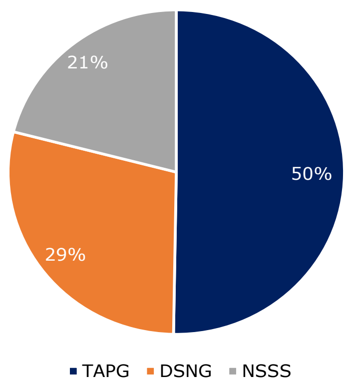
Sector Market Cap Weighting



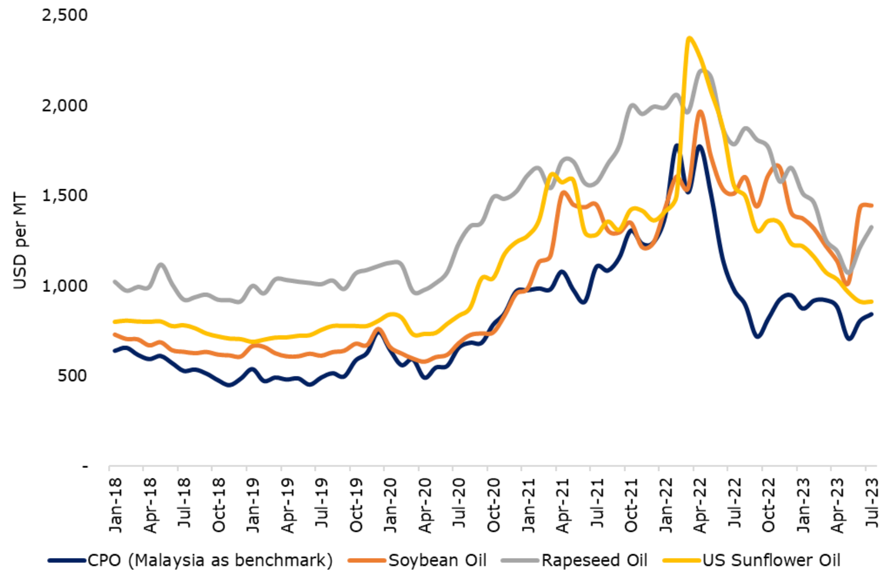
Expect a robust CPO demand ahead

We expect that the global CPO demand will continue to rise as a result of: **1)** Palm oil price currently trades at a huge discount compared to other edible oils (Figure 1), especially with soybean oil, **2)** Strong palm oil demand growth from India due to its exponential population growth, **3)** China has signed a deal with Indonesia to import an extra 1mn tonne of CPO in FY23F-25F due to its gradual re-opening of economic activities; and **3)** The Indonesian government has increased the biodiesel mandate from Biodiesel 30% (B30) to Biodiesel 35% (B35) since Aug'23.

1) Palm oil prices is currently trading at a huge discount compared to other edible oils

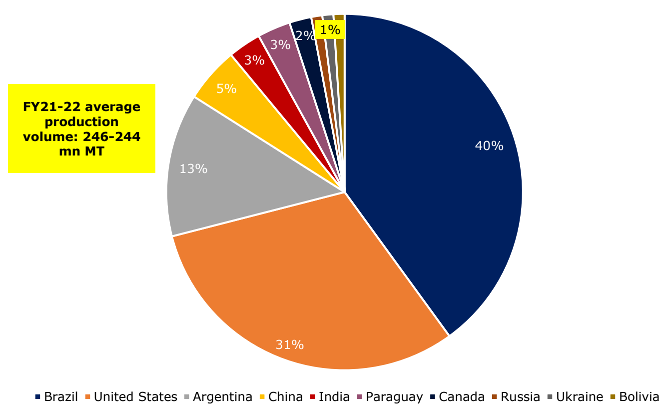
Palm oil is currently trading at a lower price than other edible oils, especially soybean oil. Soybean oil price is currently **c.72% higher than palm oil price (vs. an average premium price of c.22% in FY17-22)** that is caused by a drop in soybean production in Argentina (the world's third largest soybean producer) due to a drought season and combined with high temperatures. **As a result, the USDA expects Argentina's soybean production to fall to 36mn tonnes from 44mn tons in FY22. This production is expected to be the lowest in the last 12 years, according to USDA (Source).** Furthermore, the World Bank anticipates that global soybean oil prices will remain relatively high at USD 1,105/MT to 1,120/MT due to lower soybean production and Black Sea grain issue. Overall, we expect there will be a surge of CPO demand due to lower prices compared to others edible oils, especially soybean oil.

Figure 1. CPO vs. other edible oils prices



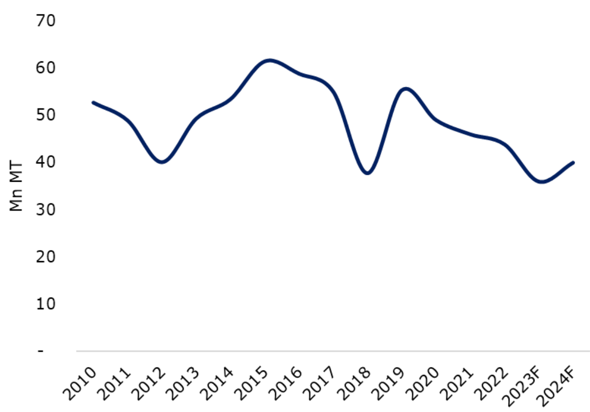
Source: Bloomberg, USDA, Trimegah Research

Figure 2. Global soybean producer



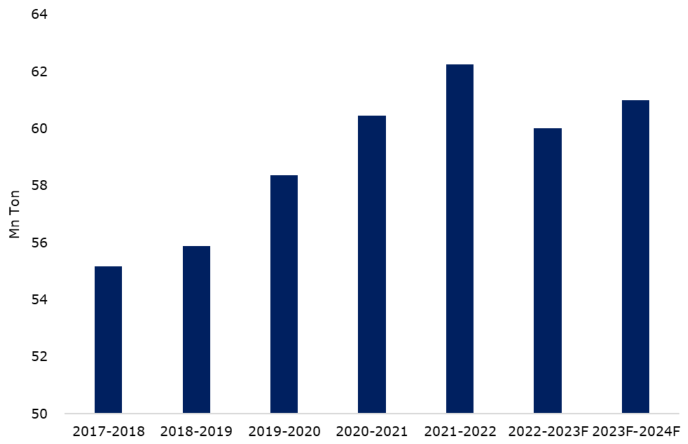
Source: USDA, Trimegah Research

Figure 3. Argentina's Soybean production volume



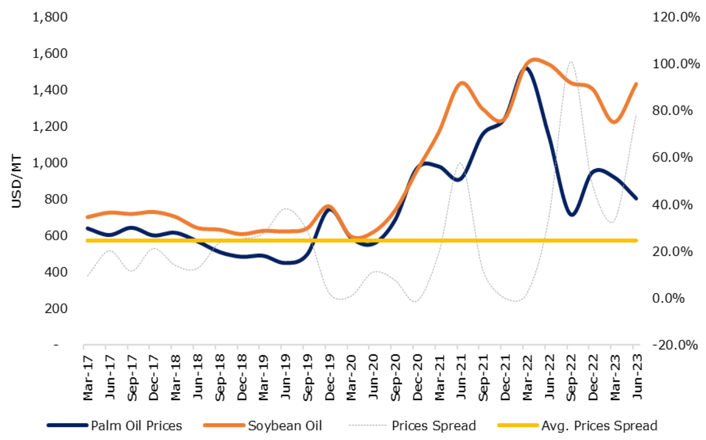
Source: USDA, Trimegah Research

Figure 4. Global Soybean Oil Production volume



Source: USDA, Trimegah Research

Figure 5. CPO vs. Soybean oil prices



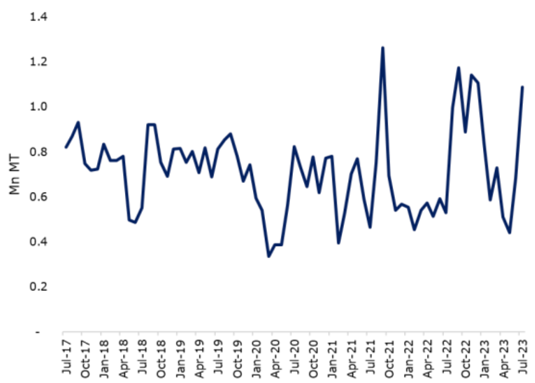
Source: Bloomberg, Trimegah Research

2) Strong palm oil demand from India

India's palm oil imports have increased significantly in Jun'23-Jul'23, reflected in the total June'23 palm oil imports surged to 683k tonnes (+49% MoM) and surged to 1.1mn tonnes in Jul'23. This was mainly driven by lower prices of CPO compared to other edible oils and the country's exponential population growth over the last five years (Figure 8), which sparked the total vegetable oil consumption in the country, increasing from 20mn tons in 2020 to 22mn tons in 2022.

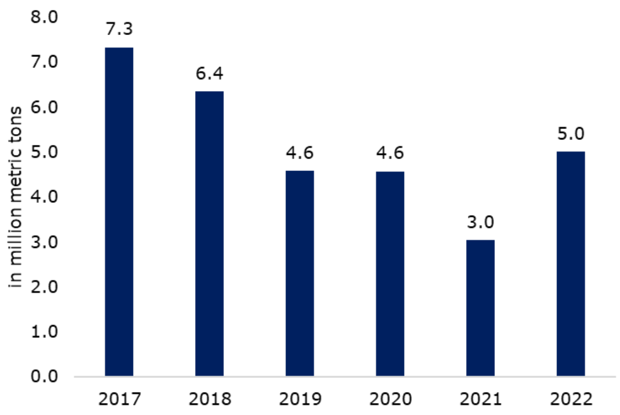
The total population of India is expected to reach 1.44bn in 2023, up around 5% from 1.37bn in 2018, resulting in an increase in vegetable oils consumption. It is worth noting that palm oil accounts for c.40% of the edible oil consumed in India. As a result of the strong population growth, IMARC (International Market Analysis Research and Consulting Services Private Limited) predicts that CPO consumption will grow at a 5.6% CAGR between 2023F and 2030F.

Figure 6. India's palm oil import volume



Source: Bloomberg, Trimegah Research

Figure 7. Indonesia's CPO export volume to India



Source: GAPKI, Trimegah Research

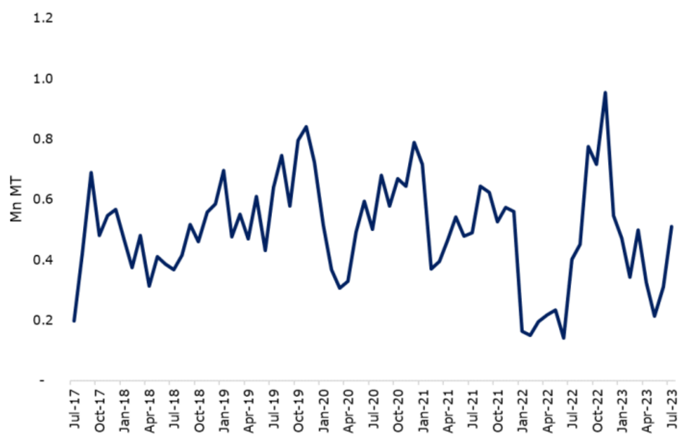
Figure 8. India's population and CPO volume consumption

Source: IMARC, UN, Trimegah Research

3) China has signed a deal with Indonesia to have an extra 1mn tons of palm oil in FY23F-24F

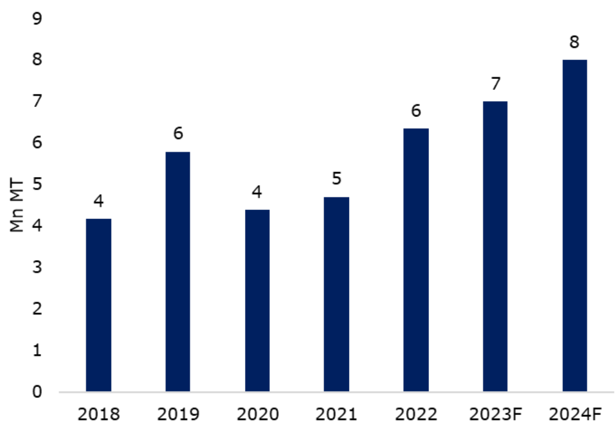
In 2022, China had committed to increase 1mn tonnes of its annual CPO import from Indonesia, which may increase Indonesia's annual CPO export to China from 6mn tons in FY22 to 7mn-8mn tons in FY23F-24F (Source). This is due to China gradually re-opening its activities. It should be noted that China usually contributes c.17% of total Indonesia's annual CPO export.

Figure 9. China's palm oil import volume



Source: Bloomberg, Trimegah Research

Figure 10. Indonesia's CPO export volume to China

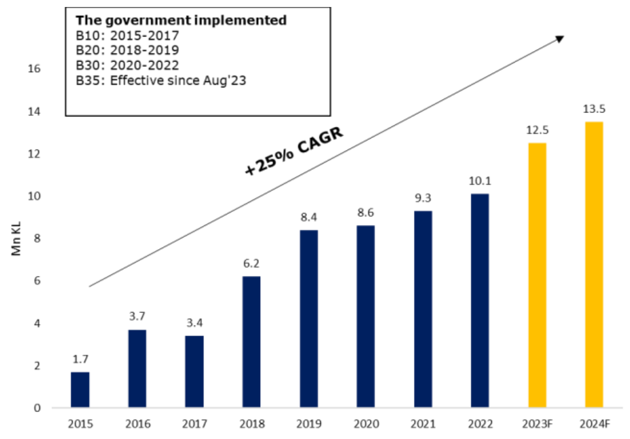


Source: GAPKI, Trimegah Research

4) **The government of Indonesia has implemented B35 regulations since Aug'23**

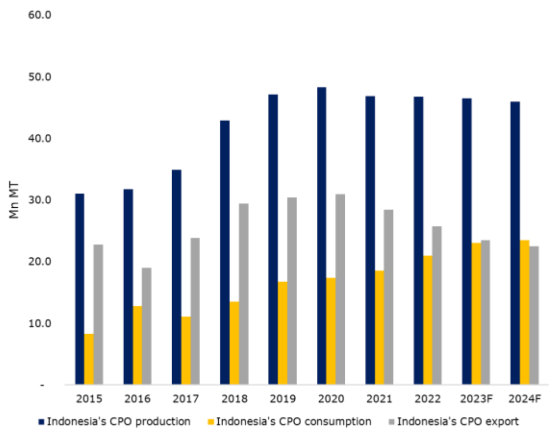
The Indonesian government has implemented the B35 since Aug'23 and forecast states that it will increase the domestic biodiesel consumption to 13.5mn KL per year in FY24F (B30: 9-10mn KL per year), resulting in total domestic CPO consumption to increase to 22.5-23mn KL in FY23F-24F (FY22: 21mn KL). We are positive for the B35 development as it highly effective in increasing CPO domestic consumption and reducing the nation's reliance on other countries. It is worth noting that domestic biodiesel production increased by +29% CAGR in FY15-FY22, bringing the total country's CPO consumption up by +14% CAGR.

Figure 11. Biodiesel consumption in Indonesia



Source: GAPKI, Trimegah Research

Figure 12. Indonesia's CPO production, consumption, and export



Source: GAPKI, Trimegah Research

The challenge of the palm oil supply

Expect a lower CPO production due to El Nino effect

According to the Indonesian Meteorological, Climatological, and Geophysical Agency (BMKG), **the El Nino (dry season) phenomenon will occur in Indonesia in 2H23 and may last until early 2024F**. The El Nino event is expected to reduce the majority of national plantation productivity, particularly in the palm oil sector, which relies heavily on rainfall due to its vast plantation area.

To define the El Nino (dry season) and La Nina (wet season) phenomenon, BMKG follows The Oceanic Nio Index (ONI), which has become the de-facto standard for classifying El Nino or La Nina in the eastern tropical Pacific. The index is based on the last three months' average temperature in the eastern tropical Sea Surface Temperature (SST). If the average of the previous three months' SST temperature is greater than +0.5, it is classified as an El Nino event, and vice versa for La Nina. The threshold is further subdivided into Weak (±0.5 to ±0.9 SST anomaly), Moderate (±1.0 to ±1.4), Strong (±1.5 to ±1.9), and Very Strong (±2.0) events.

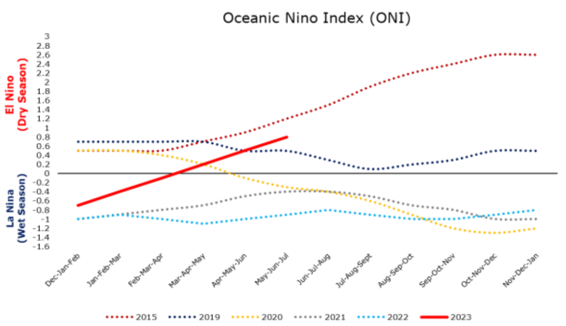
Based on the ONI and historical El Nino events in Indonesia, **BMKG predicts that Indonesia will experience a moderate El Nino this year (Source) that is going to be weaker than 2015 and 2019 El Nino events**. Area coverage wise, **we anticipate that the Java and Sumatera areas will be the most affected,** based on the Indonesia's Jan-Jul'23 rainfall data and BMKG's weather forecasts for Aug'23-Nov'23**.**

Figure 13. Sea Surface Temperature Indicator

Sea Surface Temperature (SST) Indicator	Event
< -1.5	Strong La Nina
-1.5 to -1.0	Moderate La Nina
-1.0 to -0.5	Weak La Nina
-0.5 to 0.5	Normal
0.5 to 1.0	Weak El Nino
1.0 to 1.5	Moderate El Nino
> 1.5	Strong El Nino

Source: BMKG, Trimegah Research

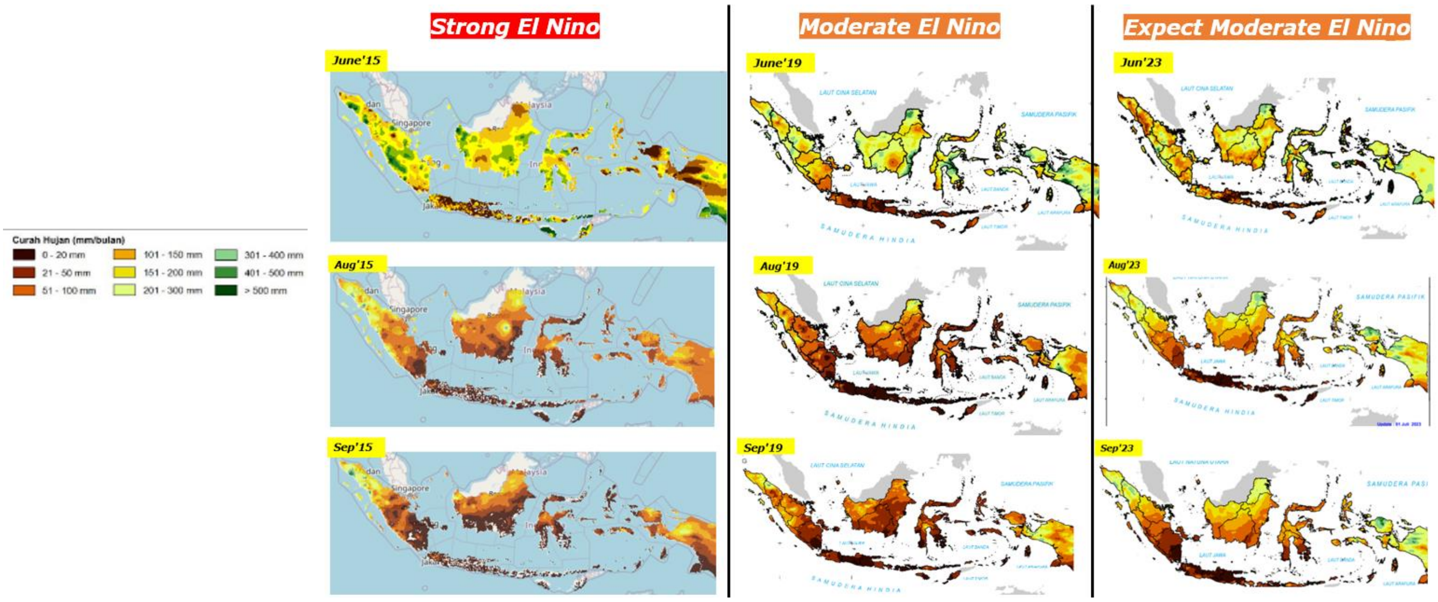
Figure 14. Oceanic Nino Index (ONI)



Source: BMKG, Trimegah Research

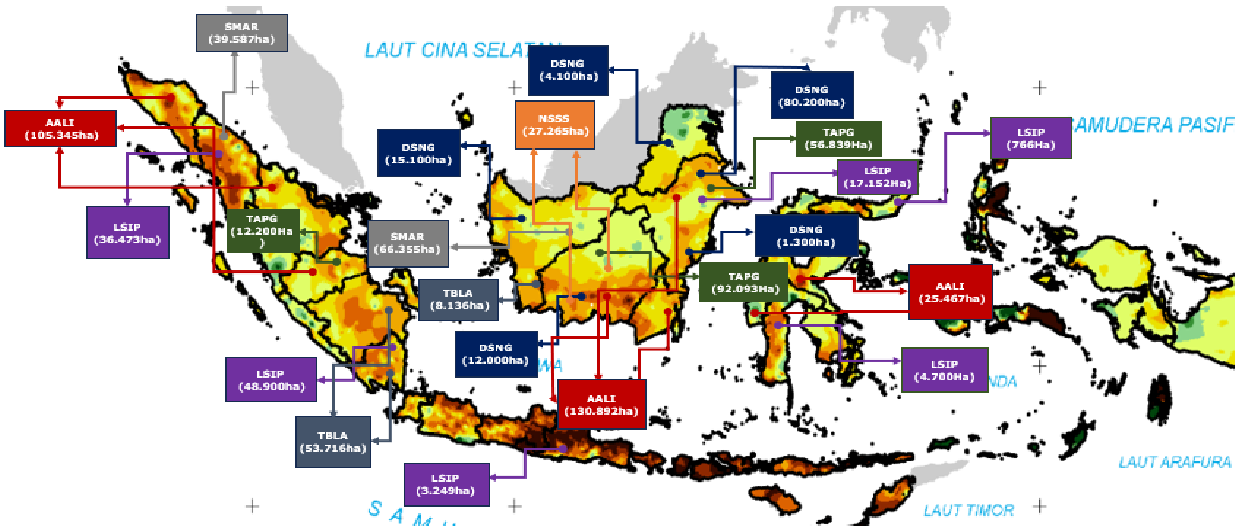
Figure 15. Indonesia's rainfall forecast

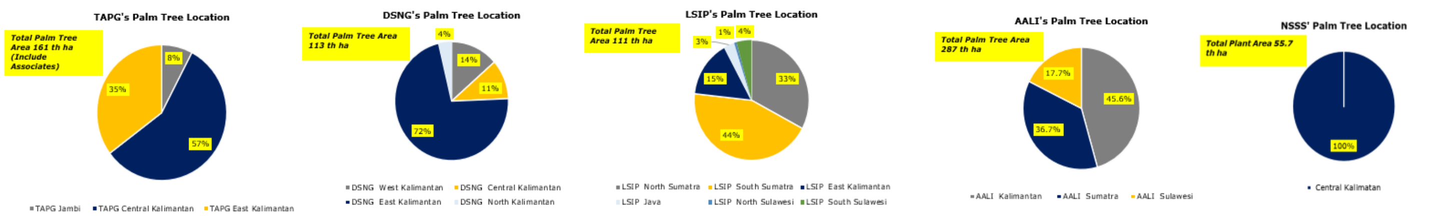
We expect the FFB CPO planters in Kalimantan Area (TAPG, DSNG, and NSS) to be less impacted by El Nino than other areas.



Source: BMKG, Trimegah Research

Figure 16. Indonesia's CPO planters palm tree location



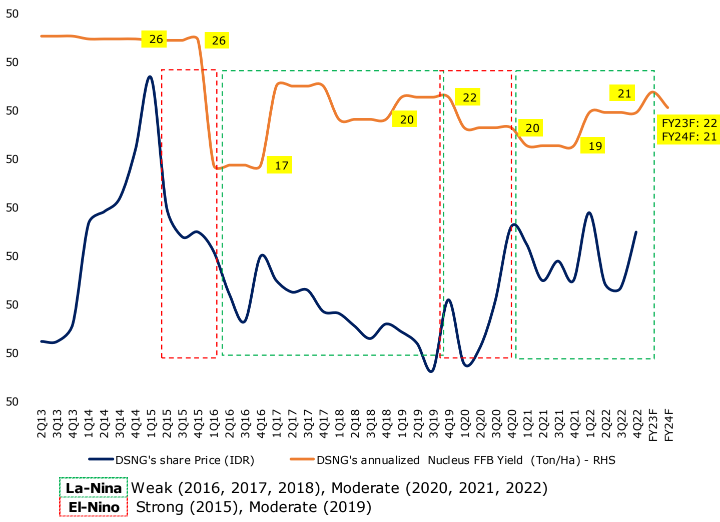


Source: Companies, Trimegah Research

It should be noted that the impact of El Nino or La Nina will take 6-8 months to show a noticeable effect in CPO planter's FFB productions. Based on our historical check, **the strong El Nino in 2015 reduced the CPO planters' (TAPG, DSNG, AALI and LSIP) FFB nucleus yield by -9% to -38% YoY in 2016. Meanwhile, the moderate El Nino in 2019 decreased the CPO planters' FFB nucleus yield by -5% to -23% YoY in 2020.**

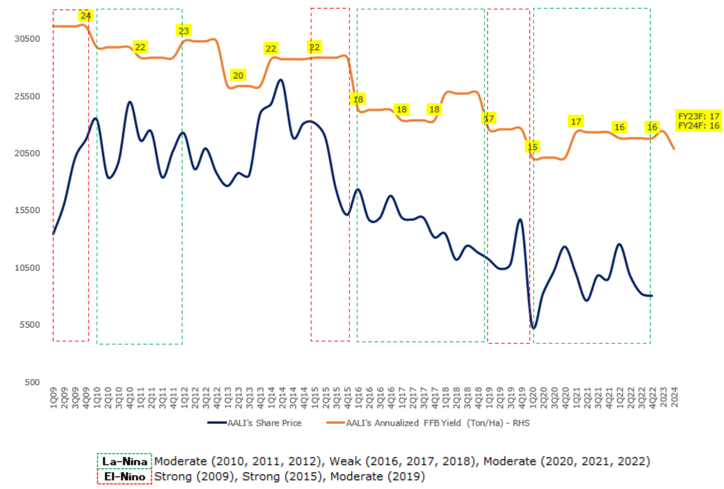
Considering all of the data, we predict that the possibility of El Nino in Indonesia will reduce the FFB nucleus yield of the CPO planters by -5% to -7% YoY in FY24F. A more granular look highlights LSIP to be the most affected by the dry season this year since 90% of its palm plantations are located in Sumatera (Figure 16). Following closely, AALI also holds a considerable proportion of its plant area in the heavily affected Sumatera, with 37% of its plant area in the region. We expect that DSNG and TAPG will be the least affected by El Nino, given the majority of their palm plantations are located in Kalimantan.

Figure 17. DSNG's FFB Yield and share prices



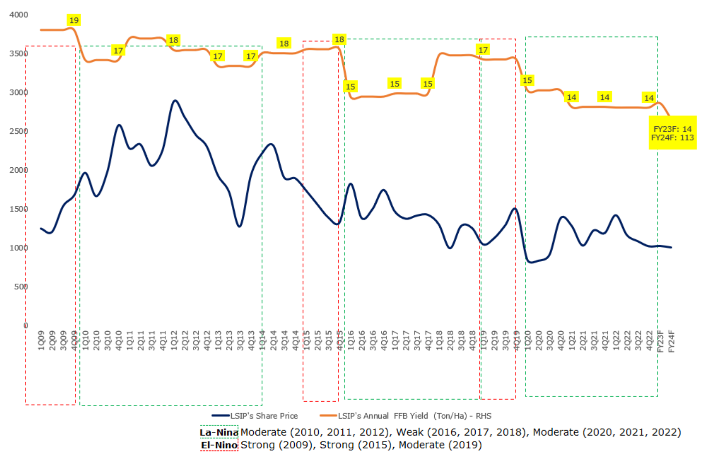
Source: Company, Trimegah Research

Figure 18. AALI's FFB Yield and share prices



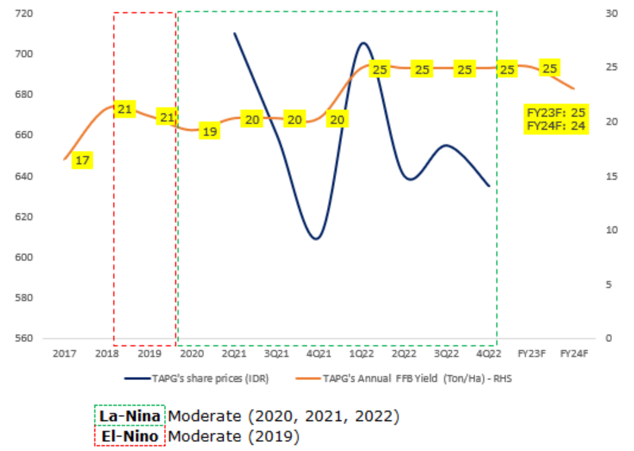
Source: Company, Trimegah Research

Figure 19. LSIP's FFB Yield and share prices



Source: Company, Trimegah Research

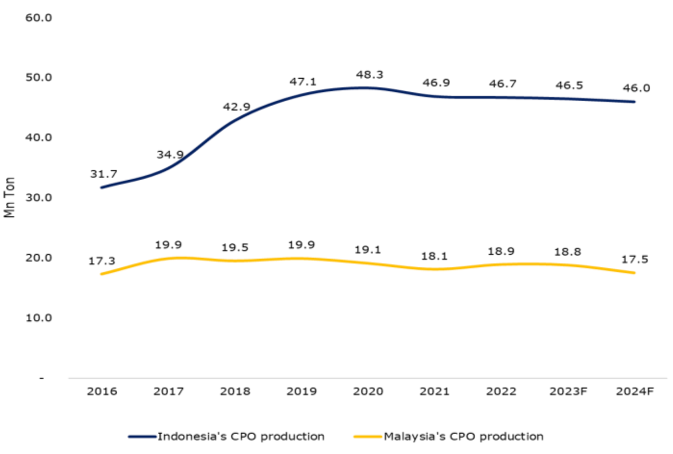
Figure 20. TAPG's FFB Yield and share prices



Source: Company, Trimegah Research

All in all, we expect the total Indonesia and Malaysia's FY23F/24F CPO production to decrease to 64.6mn/63.5mn tons (FY22: 65.6mn tons) as a result of the El Nino effect in this year.

Figure 21. Indonesia and Malaysia CPO production



Source: GAPKI, MPOB, Trimegah Research

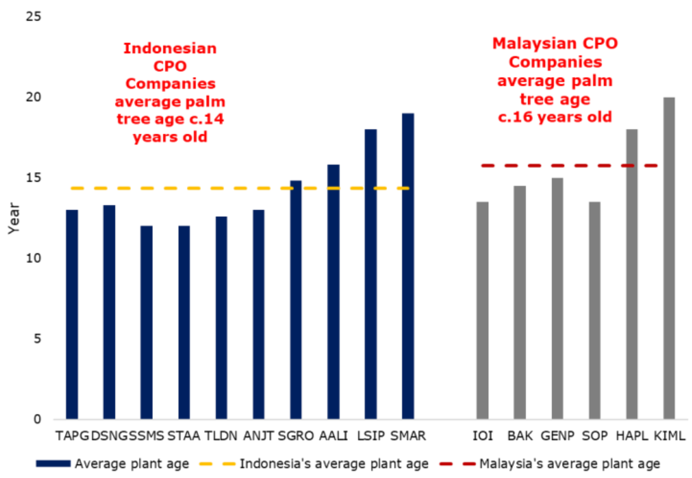
Figure 22. Indonesia's CPO area producer

Source: GAPKI, Trimegah Research

Expect a faster ageing palm tree

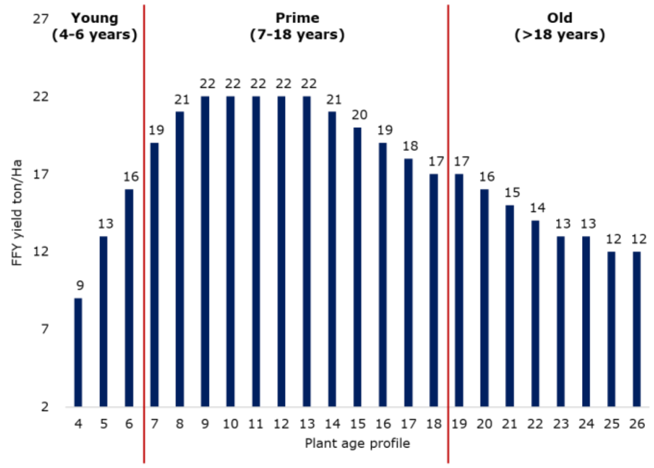
We anticipate a major palm oil supply risk on the back of faster ageing palm tree in Indonesia and Malaysia, due to 1) low palm tree new plantings/replantings over the past ten years, especially by Indonesia's big CPO companies (AALI and LSIP, Figure 25-26), 2) The Indonesian government's prohibition to clear land for palm tree expansions since 2018 (Based on the moratorium = Inpres Nomor 8/2018), and 3) **the *Ganoderma zonatum disease, which attacks and reduces palm trees' FFB production (Further discussion below).***

Figure 23. Indonesia and Malaysia's CPO companies palm tree age profile, FY23F



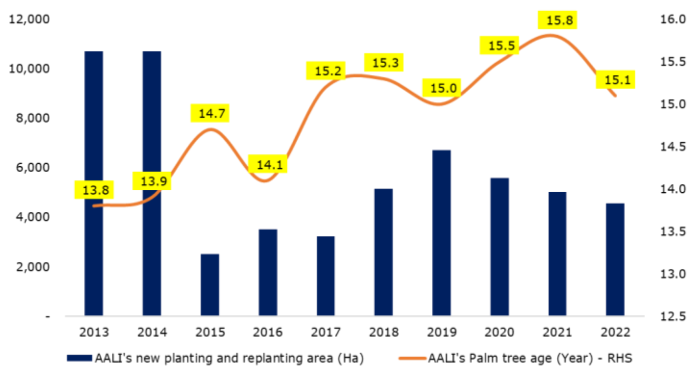
Source: Companies, Trimegah Research

Figure 24. Correlation between CPO plant age profile and its FFB yield



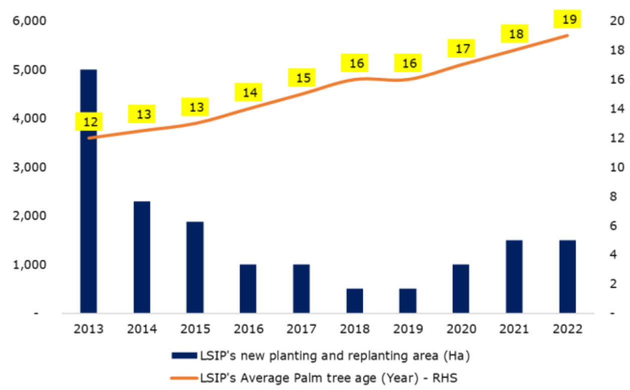
Source: Companies, Trimegah Research

Figure 25. AALI new and replanting area, 2013-2022



Source: Company, Trimegah Research

Figure 26. LSIP's new and replanting area, 2013-2022



Source: Company, Trimegah Research

Ganoderma zonatum, a type of wood-rotting fungus that causes basal stem rot disease, leading to the gradual decay of the tree's internal structure. This gradually weakens the plant, making it more susceptible to collapse and, in severe cases, death. The loss of healthy trees significantly hampers oil palm productivity, thereby affecting overall production levels. **It is worth noting that this disease is caused by the long-term use of inappropriate fertilizers and the cures/treatments for this disease are not yet available.**

We recently conducted an on-the-ground check in Sumatera and Kalimantan CPO plantations to get a better understanding of the Indonesia's palm oil sector. Based on our findings, numerous palm trees in Sumatera area have been infected by Ganoderma, and researchers are working to develop cures or resistant for palm tree seeds, but this may result in a lower annual FFB production. On the other hand, only few palm trees in the Kalimantan area infected by Ganoderma, and they are more focused on developing palm tree seeds or methods to increase its palm tree annual FFB production yield.

Figure 27. Ganoderma disease affecting Palm Tree	**Figure 28.** Ganoderma disease (Cont'd)

Source: Trimegah Research

Source: Trimegah Research

The impact of Ganoderma to the palm tree has been studied and documented in the JoTEC (Journal of Tropical Estate Crops, Source). The researcher surveyed the palm area in Labuhan Batu Regency, North Sumatra Province (174 ha) in 2022 and described the effect of the disease to the FFB production and income of CPO planters.

According to the results of the survey, Ganoderma attacks palm trees of all ages, with plants aged 6-15 years more prone to the desease. This also demonstrates that Ganoderma attacks are extremely concerning since the attack is more likely towards young trees (<25 years old), thus discouraging replanting activities. The data also shows that as the percentage of attacks rise, so does the adverse effects experienced in terms of FFB production.

In 2022, the total CPO planters' FFB production was only 13.95 tons/ha/year due to numerous palm trees infected by Ganoderma. For comparison, it was normally at 19.02 tons/ha/year when not infected by Ganoderma. Consequentially, the Ganoderma disease has reduced the potential income of planters by 26.8% in 2022, based on the report.

Figure 29. The effect of Ganoderma disease

Palm tree age (Year)	Palm Tree Amount (Trees)			FFB production (Ton/Year)		
	Before	After	(%)	Before	After	(%)
>25	12,811	11,922	-6.9%	31.3	23.2	-25.9%
16-25	7,194	6,534	-9.2%	32.5	24.72	-23.9%
6-15	2,752	1,965	-28.6%	54.7	35.46	-35.2%
3-5	540	530	-1.9%	16.8	14.4	-14.3%
Total	**23,297**	**20,951**	**-10.1%**	**135.3**	**97.78**	**-27.7%**

**Total Area Surveyed = 174.4 Ha*

Source: JoTEC, Trimegah Research

Figure 30. The effect of Ganoderma disease (Cont'd)

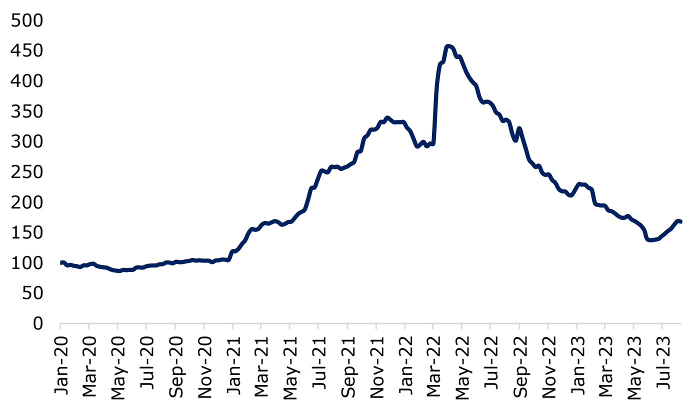
Description	Units	Before	After	Changes (%)
Number of Palm Tree	Trees	243.0	218.0	-10.3%
FFB production	Ton/year	33.8	24.8	-26.7%
FFB production yield	Ton/Ha	19.0	14.0	-26.7%
Total FFB Revenue	IDR mn/year	106.0	77.6	-26.8%
Total FFB Revenue	IDR mn/month	8.8	6.5	-26.8%

Source: JoTEC, Trimegah Research

Normalizing fertilizer prices

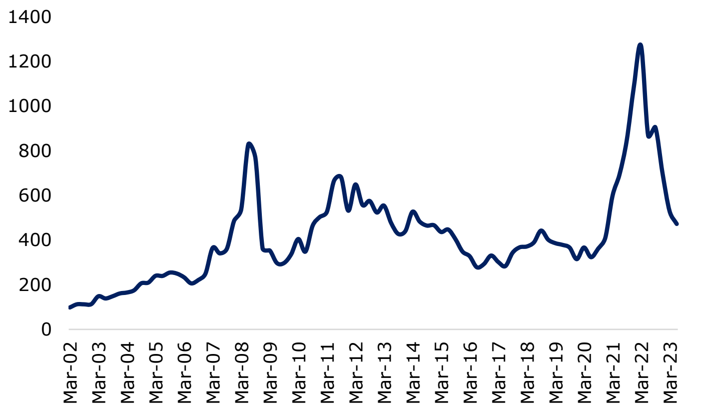
Global fertilizer prices (Brazil and North America fertilizer prices) have significantly fallen by 28%-57% YTD due to the decrease in input costs, as driven by the recovery of its raw material supply [Nitrogen (N), Phosphate (P), and Potash (K)]. This is poised to benefit CPO planters, as fertilizer cost contributes c.20%-25% of the total cash costs for Indonesia's CPO planters.

Figure 31. Brazil fertilizer prices (USD/MT)



Source: Bloomberg, Trimegah Research

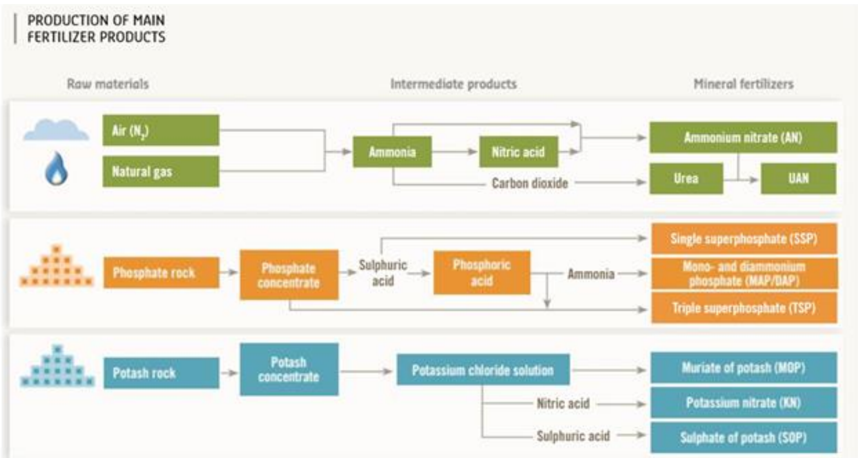
Figure 32. North America fertilizer price (USD/MT)



Source: Bloomberg, Trimegah Research

Before going into the details, it is important to know that fertilizers consist of 3 key nutrients: nitrogen (N), phosphate (P) and potash (K). The production process of each of these 3 types of fertilizer is given in the figure below.

Figure 33. Fertilizer's raw materials component



Source: Macrohive, Trimegah Research

The first component of fertilizer is Nitrogen (N), which is taken from the air and converted into ammonia using the Haber-Bosch process and refined into urea. It is worth noting that c.80% of urea input cost is mainly from natural gas. Norway and the Middle East countries are the main suppliers of Nitrogen Fertilizer.

Phosphate, on the other hand, is mined from phosphate rock in open pit operations around the world. Most of the production of phosphates are coming from countries like China, Morocco, U.S. and Brazil.

The last fertilizer raw material is potash, which is mined from underground brine operations. Most of the potash production is coming from Canada, as well as from Russia and Belarus.

Figure 34. Brazil dependence on imported fertilizers

Products	% Imported	Main Origins
Nitrogen (N)	95%	Russia (21%), China (20%), Qatar (17%), Algeria (15%), Iran (5%), Others (22%)
Phosphate (P)	75%	Morocco (38%), Russia (15%), Saudi Arabia (11%), United States (8%), China (7%), Others (21%)
Potash (K)	91%	Canada (32%), Russia (26%), Belarus (18%), Israel (11%), Others (13%)

Source: Macro Hive, FarmdocDaily, Trimegah Research

Figure 35. US dependence on imported fertilizers

Products	% Imported	Main Origins
Nitrogen (N)	12%	Trinidad and Tobago (65%), Canada (30%), Venezuela (3%), Others (2%)
Phosphate (P)	9%	Peru (85%), Morocco (15%)
Potash (K)	93%	Canada (83%), Russia (6%), Belarus (6%), Others (5%)

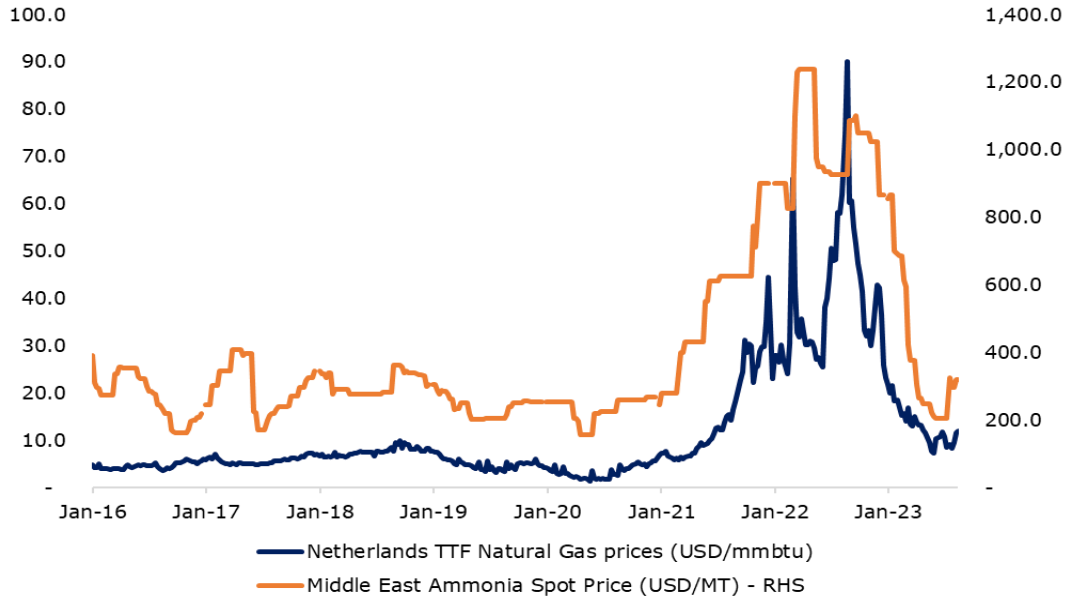
Source: Macro Hive, FarmdocDaily, Trimegah Research

We anticipate a lower fertilizer price because of higher supply of fertilizer raw materials, with details as follows:

1) Urea prices

The first component of fertilizer is Nitrogen (N) which is processed into urea. Interesting to note, the global urea prices (FOB Middle East as a benchmark) have fallen by -63% YTD as natural gas prices (c.80% of total urea input cost) have fallen by -45% YTD due higher gas supply in EU. We do like to note that the gas price stability is currently on thin ice; a slight disturbance in supply can lead to a spike in prices. However, we do not think that gas prices will jump to a similar level as last year ($90/MMBTU), as the current inventory level in European countries is at a higher level compared to last year.

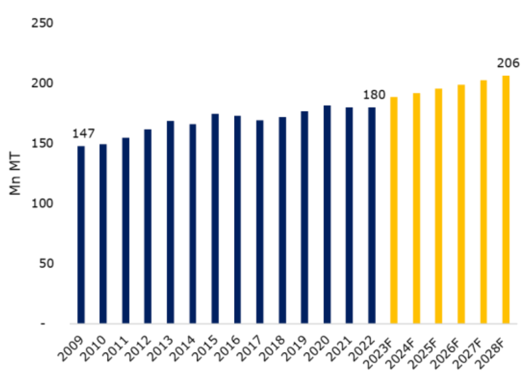
Figure 36. The correlation between Urea and Natural gas prices



Source: Bloomberg, Trimegah Research

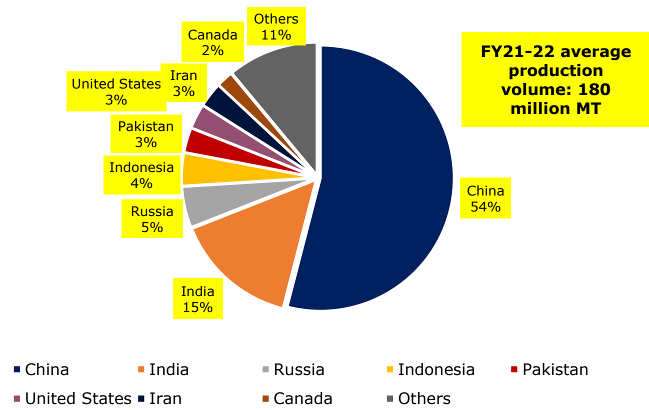
Furthermore, a massive new urea plant with a total capacity of 7.2 mt and 1.7 mt have been installed by the end of 2022 in India and Egypt as they intend to produce more fertiliser to secure food supplies. Price wise, Fitch expects that the global urea prices to decrease from USD 662/MT in FY22 to USD 350/MT in FY23F and decrease to USD 270/MT in FY24F-26F.

Figure 37. Global urea production volume



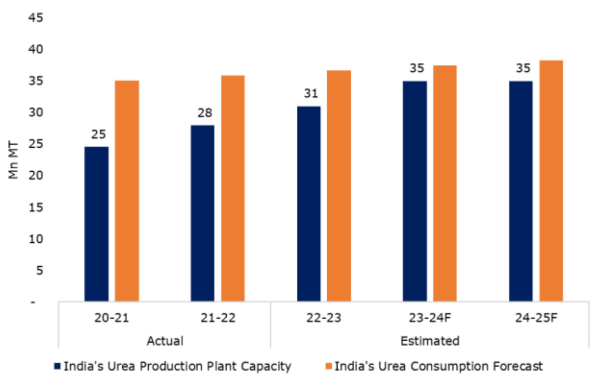
Source: IEA, Nationmaster, Trimegah Research

Figure 38. Top 8 urea producer countries, FY22



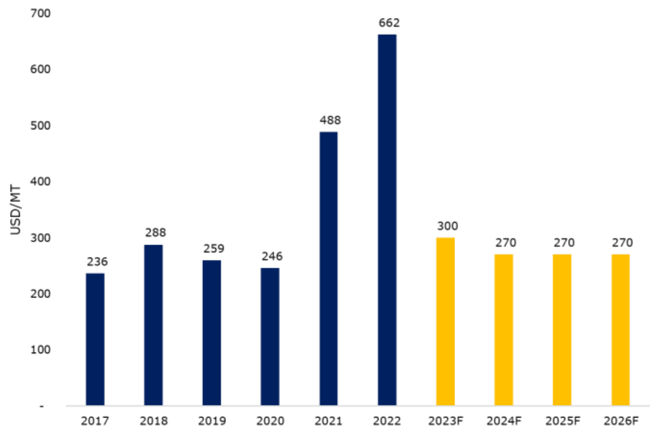
Source: Nationmaster, Globnewswire, Trimegah Research

Figure 39. India's urea production capacity



Source: IEA, Trimegah Research

Figure 40. Global Urea Prices (FOB Middle East)



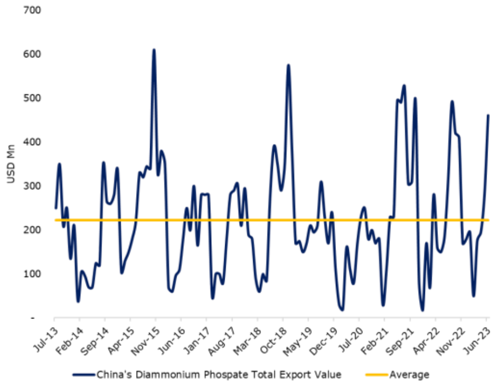
Source: Bloomberg, Fitch Ratings, Trimegah Research

2) Phosphate

For Phosphate prices, Fitch also expects the Phosphate rock prices (FOB Morocco) to decrease from USD 309/MT in FY22 to USD 250/MT in FY23F (-10% YoY) and fall to USD 150/100 per MT in FY24F/25F, on the back of:

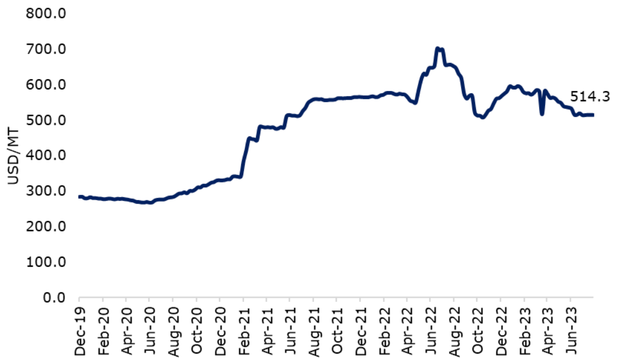
- China has begun to export its diammonium phosphate in 2023 post a temporary ban on its diammonium phosphate exports in 2H22. The total value of China's diammonium phosphate export has recovered to USD 461mn/month in Jul'23, way above than average export value per month of USD 222mn/month. Fitch and CRU Group (Fertilizer Analyst Expert) expect the China's Diammonium Phosphate export to increase to 9.3mn tons in 2023 from 6.7mn tons in 2022.

Figure 41. China's diammonium phosphate export value



Source: Bloomberg, Trimegah Research

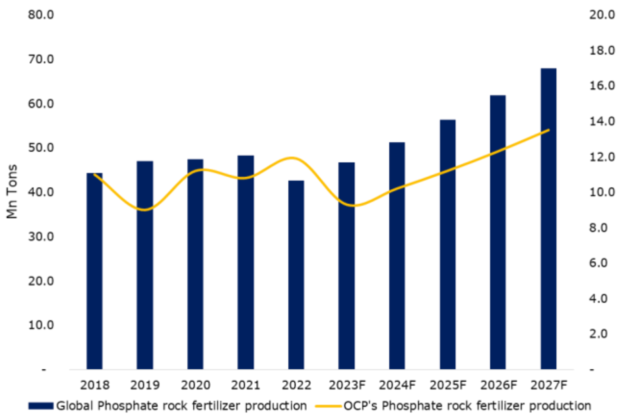
Figure 42. China's diammonium phosphate prices



Source: Bloomberg, Trimegah Research

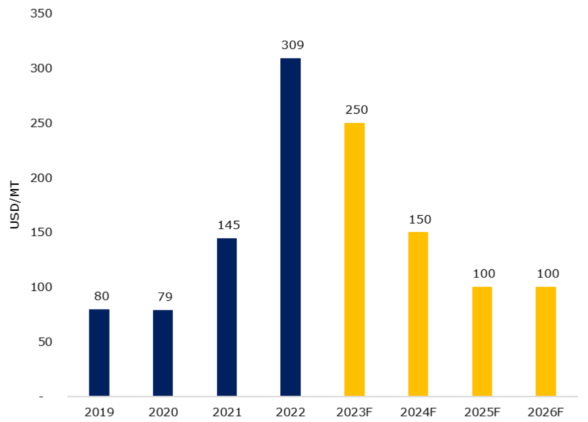
- OCP Group (OCP S.A.), as the largest producer of phosphate fertilizer in the world (c.30% of total global market share) intends to increase its phosphate fertilizer production capacity from 12mn tons in 2022 to 20mn tons by end of 2027 with total investment of USD 13bn. This investment program also targets to expand mining capacities via the opening of a new mine in Meskala in the Essaouira region and the installation of a new fertilizer production complex in Mzinda. Hence, Fitch ratings expect the global phosphate fertilizer to grow from 42.6mn ton in 2022 to 46.7mn tons in 2023 and reach 67.9mn tons in 2027 (+9.78% CAGR 2023F - 2027F).

Figure 43. Global and OCP's phospate rock fertilizer production volume



Source: USDA, Trimegah Research

Figure 44. FOB phosphate rock prices forecast



Source: Bloomberg, Fitch, Trimegah Research

3) Potash

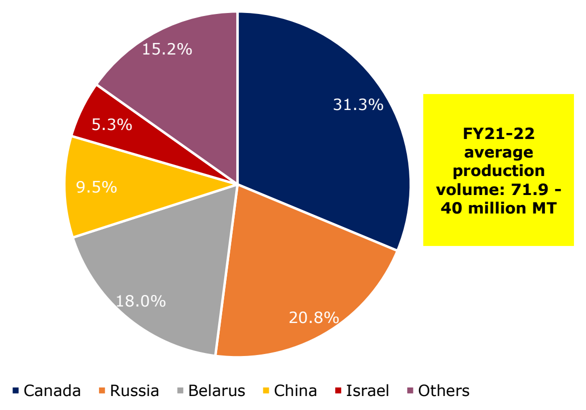
On the other hand, Fitch estimates Potash prices (FOB Vancouver) to decrease from USD 514/MT in FY22 to USD 400/MT in FY23F and drop to USD 230/MT in FY24F-26F, due to several reasons:

- The Mosaic company, as the world's leading integrated producer of concentrated potash from Canada (Total production capacity c.11mn tons/year which c.24% of total global potash production), has restarted its Colonsay potash mine that had been temporary curtailed in 4Q22 since the beginning of this year and operates its second mill in there in order to solve the global tight fertilizer supply.

  It should be noted that Colonsay had been operating at an annual run rate of 1.3 million tonnes with plans to expand annual output to 1.8-2.0 million tonnes by late 2023 following the restart of mine's second mill.

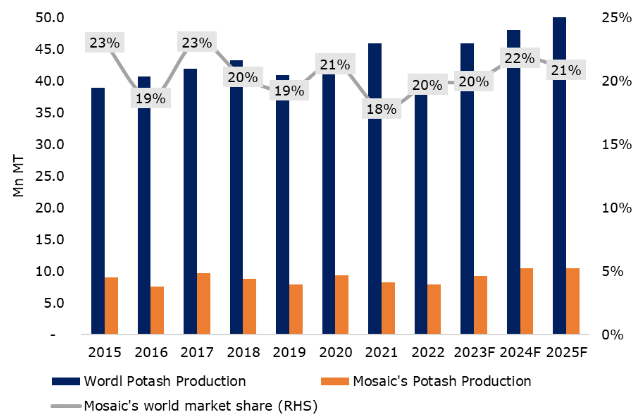
  Hence, the US Mineral expect the global potash production to increase from 40mn tons in FY22 to 46mn tons in FY23F and reach 50.2mn tons in FY25.

Figure 45. Global potash producer



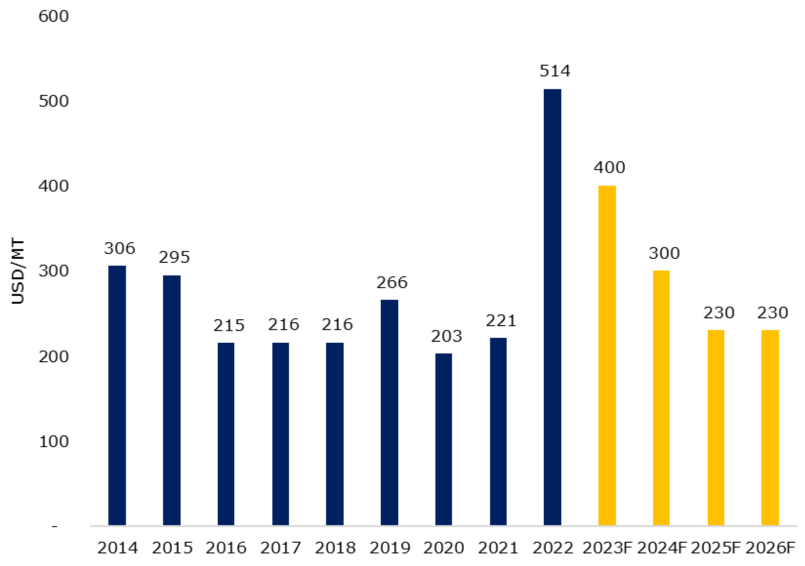
Source: USDA, Trimegah Research

Figure 46. Global and Mosaic company potash production



Source: Company, USDA, Trimegah Research

Figure 47. Global potash prices (FOB Vancouver)

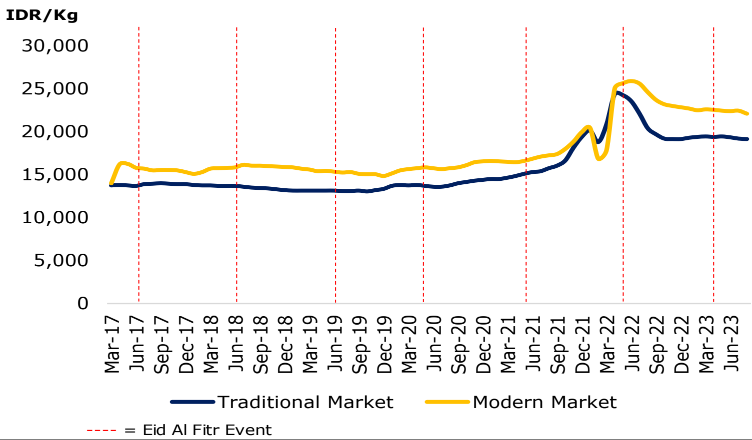


Source: Bloomberg, Fitch Ratings, Trimegah Research

The government develop Minyakita and SIMIRAH 2.0 in order to ensure the domestic bulk palm cooking oil to remain sufficient and maintain prices to IDR ≤ 15.5k/kg

We anticipate that the supply and prices of domestic palm cooking oil will remain adequate and meet the government's target of IDR ≤15.5k/kg, as a result of the government's subsidised palm cooking oil product "Minyakita" and new logistic tracking system called "SIMIRAH 2.0," which have proven to be effective in muting the price growth of domestic palm cooking oil prices in this year's Eid al-Fitr event to remain at IDR 15.5k-15.6k (+0.6% MoM). It is worth noting that the domestic palm cooking oil prices usually increased by c.3.8% MoM in FY17-21 Eid al-Fitr events.

Figure 48. Indonesia’s palm cooking oil prices



Source: Indonesian Ministry of Trades, Trimegah Research

1) The government subsidized palm cooking oil “Minyakita”

The reason the government developed Minyakita was due to the domestic packaged palm cooking oil price jump in 2022, reaching an all-time high of IDR 25k/kg (vs. IDR c.14k in FY17-21). This was prompted by global CPO prices’ (using CPO Malaysia as a benchmark) jump to RM 7,757/MT (vs. RM c.2,900/MT in FY17-21) as a result of a global edible oil supply shortage caused by the Russia-Ukraine war.

Hence, in order to normalize the domestic packaged palm cooking oil prices, the government mandated DPO (Domestic Price Obligation) and DMO (Domestic Market Obligation) for domestic CPO industry (Regulation No. 11 of 2022), with the following details: a) Indonesian CPO exporters must comply with the effective DMO ratio and sell it at maximum IDR 9.3k/kg in order to obtain permits to export its CPO, b) The government implemented various DMO CPO ratios to ensure the supply of domestic cooking oil prices will always be sufficient. Currently the government implements a DMO CPO ratio of 1:4, meaning the Indonesian CPO company will be allowed to export 400,000 tons of CPO if they sell 100,000 tons of CPO to the domestic market or government. Interesting to note, the CPO companies will get 2.5x more CPO export quota if they sell its CPO to the government.

The government will use the CPO obtained to produce subsidized palm cooking oil packages called "Minyakita" in the market. The products have ceiling prices of IDR 14k/L or IDR 15.5k/kg as part of a government’s initiative to provide the public with fair and equal access to affordable cooking oil of good quality. The Minyakita shortly cooled domestic palm cooking oil prices, but the prices quickly rebounded as many distributors hoarded Minyakita.

Figure 49. Minyakita product

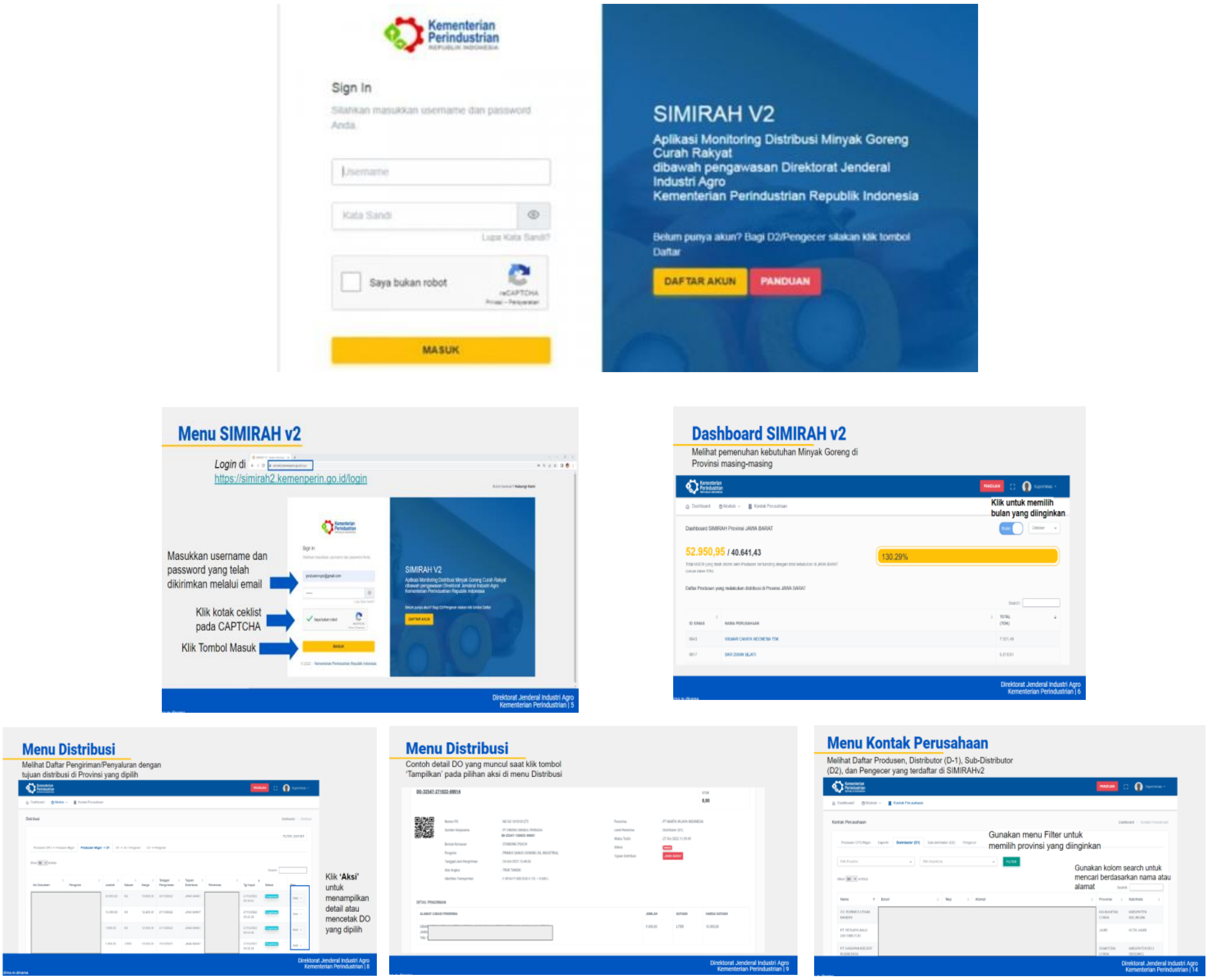
Source: Indonesian Ministry of Trades, Trimegah Research

2) SIMIRAH 2.0 effectively addresses the Minyakita distribution issues

To address the distribution issue and ensure that all of the domestic market received the Minyakita, the government launched SIMIRAH 2.0 (Sistim Informasi Minyak Goreng Curah Rakyat) to track the distribution and ensure that all of the domestic market received Minyakita. The Indonesian Ministry of Trade and the police are constantly monitoring the distribution of the subsidized palm cooking oil, which effectively addresses the market distribution issue and make distributors wary if they intend to stockpile Minyakita.

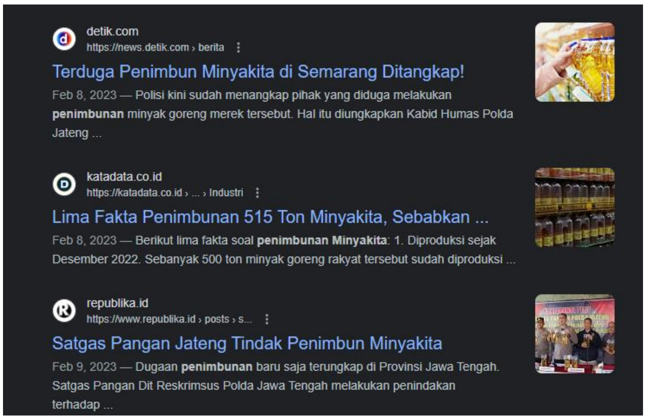
Overall, we expect that domestic palm cooking oil supply and prices will remain sufficient and relatively stable even if global CPO prices continue to rise, owing to the effectiveness of Minyakita and SIMIRAH 2.0 in the previous Eid al-Fitr event.

Figure 50. SIMIRAH 2.0



Source: Indonesian Ministry of Trades, Trimegah Research

Figure 51. Various case of distributors hoarding the Minyakita, (detected by SIMIRAH 2.0 and police)



Source: Various resources, Trimegah Research

Figure 52. CPO levy tax bracket

No.	Price Range (USD/ton)		CPO						
	Min	Max	1 March-19 to 31 May-19	1 Jun-19 to 29 May-20	29 May-20 to 23 Oct-20	23 Oct-20 to 25 Jun-21	25 Jun-21 to 31 July-22	1 Aug-22 to Nov-22	Nov-22 to date
1	0	570	0	25	25	25	55	0	55
2	570	620	0	50	50	50	55	0	55
3	620	670	0	50	50	50	55	0	55
4	670	720		50	50	50	55	55	55
5	720	750		50	50	50	55	55	55
6	750	800		50	50	50	75	75	74
7	800	850		50	50	50	95	95	95
8	850	900		50	50	50	115	115	115
9	900	950		50	50	50	135	135	135
10	950	1000		50	50	50	155	145	145
11	1000	1050		50	50	50	175	150	150
12	1050	1100		50	50	50	175	155	155
13	1100	1150		50	50	50	175	160	160
14	1150	1200		50	50	50	175	165	165
15	1200	1250		50	50	50	175	170	170
16	1250	1300		50	50	50	175	175	175
17	1300	1350		50	50	50	175	180	180
18	1350	1400		50	50	50	175	195	195
19	1400	1450		50	50	50	175	190	190
20	1450	1500		50	50	50	175	195	195
21	1500	MAX		50	50	50	175	200	200

Source: Indonesian Ministry of Finance and Trades, Trimegah Research

Figure 53. CPO exit tax bracket

CPO			
CPO Price Range (USD/ton)	23 Oct-20 to 30 Mar-22	30 Mar-22 to 9 Jun-22	9 Jun-22 to Date
<750	0	0	0
750 - 800	3	3	3
800 - 850	18	18	18
850 - 900	33	33	33
900 - 950	52	52	52
950 -1000	74	74	74
1000 - 1050	93	93	124
1050 - 1100	116	116	148
1100 - 1150	144	144	178
1150 - 1200	166	166	201
1200 - 1250	183	183	220
1250 - 1300	200	200	240
1300 -1350	200	200	250
1350 - 1400	200	200	260
1400 - 1450	200	200	270
1450 - 1500	200	200	280
>1500	200	200	288

Source: Indonesian Ministry of Trades, Trimegah Research

Downside risk to our OVERWEIGHT call

1) Worsen-than-expected FFB production of CPO planters due to El Nino's impact.
2) Faster-than-expected the recovery of Argentina’s soybean production, which may result in lower global soybean oil prices and a narrowing of the price gap between soybean oil and CPO.
3) Lower-than-expected Indonesia’s CPO production, consumption, and export.
4) Higher-than-expected domestic palm cooking oil prices which may result in unfavourable government intervention to domestic CPO companies.
5) Higher-than-expected global fertilizer prices due to disruptions in fertilizer’s raw material supply.

Triputra Agro Persada

Our Top Pick in The Sector

Buy (Maintain)

Target Price	IDR 775 (+38%)
Previous TP	IDR 1,400
Current Price	IDR 565

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BUY with a TP of IDR 775/sh (+38% ups)
We choose TAPG in our top pick, on the back of:

- Strongest FFB production due to its young and productive palm tree age profile (c.12.7 years) vs. peers (DSNG/AALI/LSIP: c.13/c.15/c.19 years old)
- Prime palm tree location (93% located in Kalimantan area), which we expect will have minimal impact from this year El Nino effect. As a result, we expect its FY23F-24F nucleus FFB yield to remain the highest in the sector, ranging at 24-25 ton/Ha (FY22: 25 ton/Ha), followed by DSNG: 21-22 ton/Ha, NSSS: 20-21 ton/Ha, AALI: 16-17 ton/Ha, and LSIP: 13-14 ton/Ha.
- A strong margin improvement, as we expect global CPO prices to reach RM 4,000 per MT and increase to RM 4,200-4,400 in FY23F/24F. Moreover, management has secured its 2H23/FY24 fertilizer needs with c.20%-25% lower prices than 1H23.
- Taking into account all of the factors, we forecast TAPG's FY23F/24F net-income to be at IDR 1.3tn/1.6tn/1.8tn (-57%/+29%/+15% YoY).

Our target prices is derived from FY24F 9.0x PE target (+0.5 SD from its historical 3-years average PE). Currently the stock is trading at 6.5x PE (-0.3 SD from its historical 3 years average PE), which provides a minimal downside in our view. Downside risks to our call includes: 1) Lower-than-expected FFB production due to El nino effect, 2) Higher-than-expected fertilizer prices, which will hinder the margin improvement, 3) Unfavourable government intervention in the CPO sector.

Operational outlook
We expect TAPG's nucleus FFB production yield to remain the highest in the sector due to its young palm tree age (c.12.7 years) and prime plant area (93% in Kalimatan, 7% in Jambi), which will be minimally disrupted by El Nino. Moreover, the company has also saved a huge water supply in its dam (Figure 55) to prepare for the dry season. As a result, we expect TAPG's FY23F/24F nucleus FFB production yield at 24-25 ton/Ha (FY22: 25 ton/Ha).

Robust earning growth ahead
We expect TAPG's FY23F earnings to decline to IDR 1.3tn (-57% YoY) as a result of lower global CPO prices and higher fertilizer cost compared to FY22. Nevertheless, we forecast TAPG's FY24F/25F earnings to jump to IDR 1.6tn/1.9tn (+29%/+15% YoY), on the back of: 1) rising global CPO prices to RM 4,200-4,400/MT in FY24F-25F (FY23F: RM 4,000) due to El Nino effect and faster ageing palm tree age in Indonesia and Malaysia; 2) Lower input costs as global fertiliser supply and prices normalise.

Stock Data & Indices

Bloomberg Code	TAPG.IJ
JCI Member	IDXNCYC
MSCI Indonesia Index	No
JII	No
LQ45	No
Kompas 100	Yes

Key Data

Issued Shares (mn)	19,852.5
Free Float (est in %)	36.6
Mkt. Cap (IDRbn)	11,216.7
Mkt. Cap (USDmn)	733.4
ADTV 90 days (IDRbn)	6.5
52 Wk-range	770 / 505

Performance (%)

	YTD	1m	3m	12m
Absolute	-11.0	-5.8	-6.6	-22.1
Relative to JCI	-11.7	-5.8	-9.9	-21.0

Company Data

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Revenue	6,278	9,346	8,035	7,772	7,948
EBITDA	1,618	3,573	1,891	2,305	2,559
Net Profit	1,159	2,981	1,269	1,642	1,883
EPS (IDR)	61	157	67	86	99
EPS Growth (%)	27%	157%	-57%	29%	15%
P/E (x)	9.3	3.6	8.5	6.5	5.7
*EV/EBITDA	7.1	2.6	4.8	3.6	2.8
P/BV (x)	1.4	1.0	1.0	0.9	0.8
ROAE (%)	16.0%	32.7%	11.8%	14.0%	14.5%
Div. Yield (%)	2.8%	4.6%	3.5%	4.6%	5.3%

** EV/EBITDA does not provide a complete valuation as it does not include the JV's (USTP) cash,debt, and EBITDA*

Income Statement

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Revenue	6,278	9,346	8,035	7,772	7,948
Gross Profit	1,616	3,716	1,885	2,249	2,471
Op. Profit	1,086	3,031	1,287	1,659	1,865
EBITDA	1,618	3,573	1,891	2,305	2,559
Interest income	21	69	49	44	51
Interest expenses	(197)	(380)	(182)	(182)	(107)
Net int. inc./(exp)	(176)	(311)	(133)	(138)	(56)
Other inc./(exp.)	511	969	423	499	500
Pre-tax profit	1,421	3,689	1,577	2,020	2,309
Tax	(223)	(601)	(257)	(329)	(376)
Minority Int.	40	108	51	49	50
Net profit	1,159	2,981	1,269	1,642	1,883

Balance Sheet

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Cash and equivalents	1,280	1,958	1,687	2,181	2,403
Bearer plants	4	4	4	4	5
Net fixed asset	7,115	7,289	7,648	7,935	8,194
Other assets	4,047	5,276	5,792	6,004	6,064
Total Asset	**12,446**	**14,526**	**15,131**	**16,124**	**16,666**
Account payables	410	663	677	608	602
Debt	3,297	2,334	1,700	1,700	1,000
Other liabilities	943	1,116	1,511	1,358	1,288
Total Liabilities	**4,650**	**4,113**	**3,888**	**3,665**	**2,890**
Minority interest	283	391	283	283	283
Shareholders' Equity	**7,796**	**10,413**	**11,243**	**12,458**	**13,776**

Cash Flow

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Net profit	1,159	2,981	1,269	1,642	1,883
Depr. / amort.	531	542	604	646	694
Chg in working cap	223	32	(545)	82	49
Others	(446)	(64)	1,089	(164)	(98)
CF operations	**1,467**	**3,491**	**2,418**	**2,206**	**2,528**
Capex	(448)	(716)	(964)	(933)	(954)
Others	(300)	(769)	(653)	(353)	(86)
CF investing	**(748)**	**(1,486)**	**(1,617)**	**(1,285)**	**(1,040)**
Net change in debt	(910)	(964)	(633)	-	(700)
Equity raised	185	23	-	-	-
Dividends	(300)	(496)	(330)	(427)	(565)
Others	95	109	(109)	-	-
CF financing	**(929)**	**(1,328)**	**(1,072)**	**(427)**	**(1,265)**
Net cash flow	**(210)**	**678**	**(271)**	**494**	**223**
Cash at BoY	1,490	1,280	1,958	1,687	2,181
Cash at EoY	**1,280**	**1,958**	**1,687**	**2,181**	**2,403**
FCF	**1,915**	**4,207**	**3,383**	**3,138**	**3,482**

Ratio Analysis

Year end Dec	2021	2022	2023F	2024F	2025F
Profitability					
Gross margin (%)	25.7	39.8	23.5	28.9	31.1
Op. margin (%)	17.3	32.4	16.0	21.3	23.5
EBITDA margin (%)	25.8	38.2	23.5	29.7	32.2
Net margin (%)	18.5	31.9	15.8	21.1	23.7
ROAE (%)	16.0	32.7	11.7	13.9	14.4
ROAA (%)	9.4	22.1	8.6	10.5	11.5
Stability					
Current ratio (x)	1.5	1.8	1.8	2.3	2.5
Net debt to equity (x)	0.3	0.0	0.0	*Net Cash*	*Net Cash*
Interest coverage (x)	8.2	9.4	10.4	12.7	23.9
Efficiency					
Receivables (days)	3.5	4.7	7.7	8.0	8.0
Inventory (days)	52.7	70.5	45.3	46.2	47.7
Payables (days)	23.8	25.9	30.7	28.5	27.7

Company Background

TAPG is a CPO company that has more than 160k ha of planted palm oil estates. The company's subsidiary has 64% of planted area and 36% of them are held through its 50% joint venture with PT Union Sampoerna Triputra Persada (USTP)

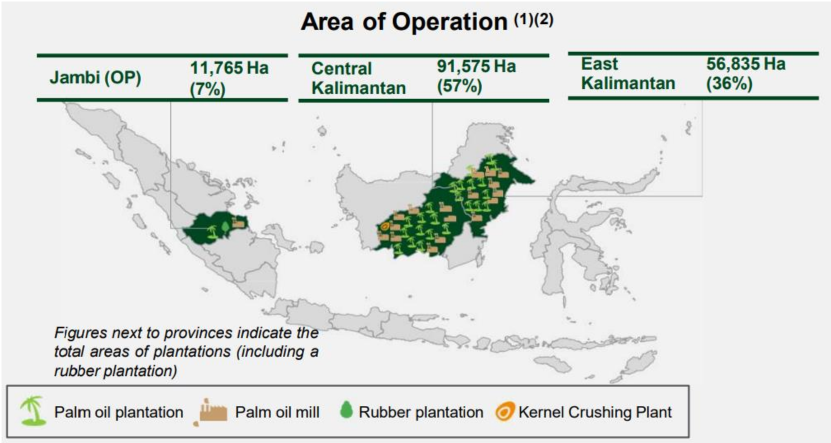
Major Shareholders

PT Persada Capital Investama	23.2%
PT Triputra Investindo Arya	22.9%
Salween Investment Pte. Ltd.	14.9%
PT Daya Adicipta Mustika	14.0%
Gochean Holdings Incorporated	10.9%
Public	13.3%

SWOT Analysis

Strength	Weakness
Prime plant tree plantation age (c.12.7 years) and high FFB production yield	Low replanting activities
Opportunity	**Threat**
Higher global CPO prices and lower fertilizer prices	Unfavourable government intervention in the CPO sector

Figure 54. TAPG's palm tree and rubber plant location



Source: Company, Trimegah Research

Figure 55. TAPG's water dam

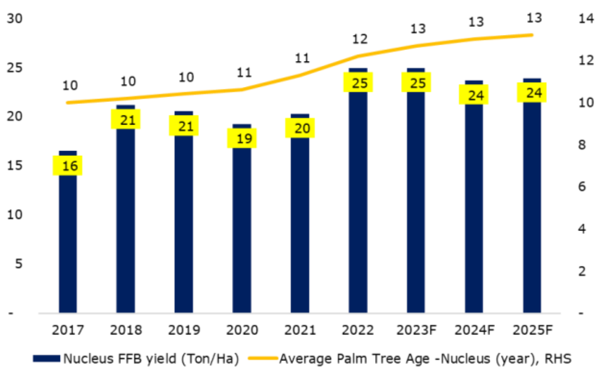
Source: Company, Trimegah Research

Figure 56. Changes in our TAPG's FY23F/24F estimates

Description	Old		New		Change	
	2023F	2024F	2023F	2024F	2023F	2024F
Revenue	7,832	7,743	8,035	7,772	2.6%	0.4%
Operating Profit	2,283	2,138	1,287	1,659	-43.6%	-22.4%
EBITDA	2,895	2,790	1,891	2,305	-34.7%	-17.4%
Net Profit	2,319	2,160	1,269	1,642	-45.3%	-24.0%

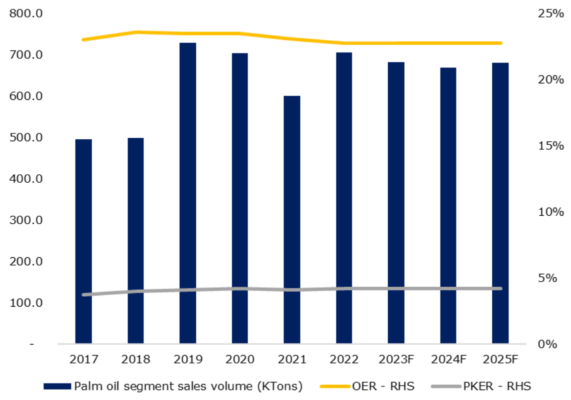
Source: Company, Trimegah Research

Figure 57. TAPG's nucleus FFB yield and palm tree age profile



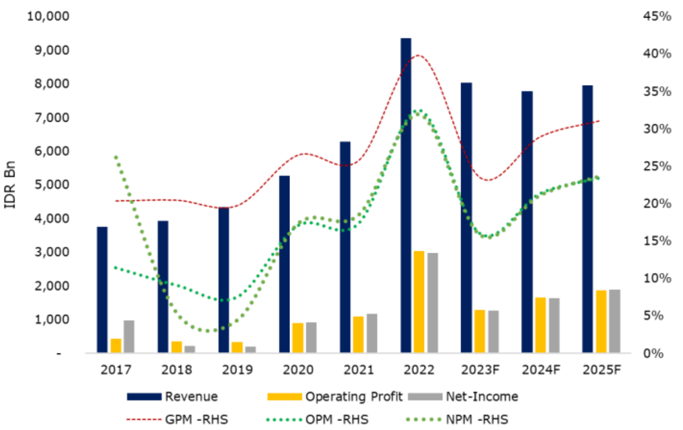
Source: Company, Trimegah Research

Figure 58. TAPG's palm oil segment sales volume, OER (oil extraction rate), and PKER (Palm kernel extraction rate)



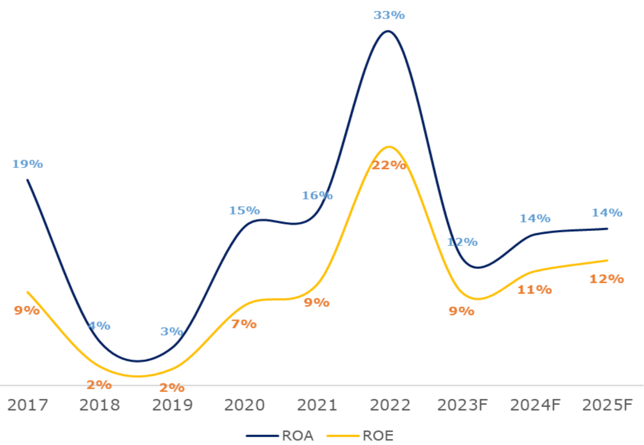
Source: Company, Trimegah Research

Figure 59. TAPG's financial performances



Source: Company, Trimegah Research

Figure 60. TAPG's ROA and ROE



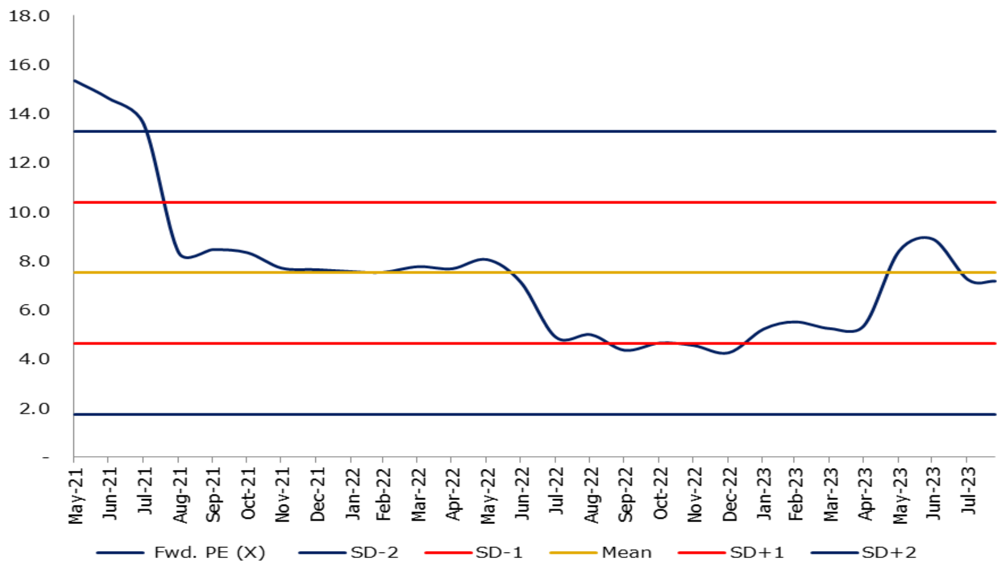
Source: Company, Trimegah Research

Figure 61. TAPG's peers comparison

Company name	Ticker	Market cap (USDmn)	EV (USDmn)	P/E (x) 2023F	P/E (x) 2024F	P/B (x) 2023F	P/B (x) 2024F	EV/EBITDA (x) 2023F	EV/EBITDA (x) 2024F	ROE (%) 2023F	ROE (%) 2024F	ROA (%) 2023F	ROA (%) 2024F	DER 2023F	Div. Yield (%) 2023F	Div. Yield (%) 2024F
Average Domestic CPO players				**23.3**	**9.8**	**1.2**	**1.1**	**7.0**	**5.9**	**9.2**	**11.6**	**4.6**	**5.6**	**110.6**	**6.0**	**5.8**
Dharma Satya Nusantara	DSNG IJ	420	732	7.7	6.2	0.7	0.7	4.5	3.7	10.0	11.6	5.5	7.0	66.7	4.5	5.7
London Sumatera Indonesia	LSIP IJ	453	176	9.9	9.6	0.6	0.8	2.2	2.1	6.9	7.0	5.8	6.1	0.0	5.3	4.1
Astra Agro Lestari	AALI IJ	960	1,170	15.2	11.4	0.7	0.7	5.4	5.0	4.9	5.5	3.6	4.1	18.2	5.4	-
Eagle High Plantations	BWPT IJ	118	480	-	-	-	-	-	-	-	-	-	-	344.4	-	-
Sawit Sumbermas Sarana	SSMS IJ	754	1,082	10.9	11.8	1.7	1.5	12.4	12.5	17.5	15.7	8.0	7.3	91.9	13.4	5.4
Tunas Baru Lampung	TBLA IJ	303	1,018	5.0	4.5	0.6	0.7	4.5	4.0	12.5	13.9	3.6	3.9	156.4	5.1	7.9
Sinar Mas Agro Resources & Technology	SMAR IJ	827	1,769	-	-	-	-	-	-	-	-	-	-	94.6	-	-
Salim Ivomas Pratama	SIMP IJ	410	948	-	-	-	-	-	-	-	-	-	-	41.1	2.6	-
Nusantara Sawit Sejahtera	NSSS IJ	296	410	90.9	15.5	3.0	2.5	12.9	8.0	3.3	15.9	1.0	5.6	182.0	-	-
Average Regional CPO players				**23.7**	**17.6**	**0.9**	**0.9**	**8.3**	**7.9**	**6.8**	**7.7**	**4.7**	**4.8**	**38.7**	**7.3**	**3.9**
Wilmar International	WIL SP	16,508	40,611	11.4	9.1	0.8	0.8	11.2	9.7	7.4	8.6	2.8	3.1	135.7	5.1	4.2
Golden Agri Resources	GGR SP	2,342	4,490	5.8	6.2	0.4	0.4	3.6	3.7	8.3	11.6	5.7	5.4	56.8	11.4	6.0
First Resources	FR SP	1,736	1,805	9.0	8.2	1.3	1.2	5.4	5.0	13.1	13.6	10.7	10.6	21.1	8.3	5.2
Sime Darby Plantation	SDPL MK	6,508	8,088	28.6	21.1	1.7	1.6	12.1	10.2	6.5	8.3	4.3	5.4	33.0	4.4	2.4
United Plantations	UPL MK	1,420	1,282	-	-	-	-	8.0	8.0	-	-	-	-	0.4	-	-
Genting Plantations	GENP MK	1,105	1,369	18.2	16.3	0.9	0.9	9.2	8.7	5.3	5.6	3.5	3.4	45.8	5.7	3.3
Sarawak Oil Palms	SOP MK	485	361	8.4	8.1	0.6	0.6	3.5	3.3	7.0	6.7	4.4	4.6	22.1	5.3	2.6
Boustead Plantations	BPLANT MK	724	858	93.8	60.0	-	-	16.9	17.6	1.8	1.7	1.2	1.2	30.3	8.7	3.1
Hap Seng Plantations	HAPL MK	325	235	14.4	12.1	0.8	0.8	5.2	4.9	5.1	5.7	4.7	4.9	3.5	9.5	4.2
Average Domestic CPO players				**23.5**	**13.7**	**1.1**	**1.0**	**7.7**	**6.9**	**8.0**	**9.7**	**4.6**	**5.2**	**74.7**	**6.7**	**4.8**
Triputra Agro Persada	**TAPG IJ**	**734**	**789**	**8.5**	**6.5**	**1.0**	**0.9**	**4.8**	**3.6**	**11.8**	**14.0**	**8.6**	**10.5**	**22.4**	**4.6**	**5.3**

Source: Bloomberg, Trimegah Research

Figure 62. TAPG's fwd. PE band



Source: Bloomberg, Trimegah Research

Dharma Satya Nusantara

Solid improvement ahead

Buy (Maintain)

Target Price	IDR 770 (+26%)
Previous TP	IDR 695
Current Price	IDR 605

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Maintain BUY with a higher TP of IDR 770/sh (+26% ups)

We upgrade our DSNG target prices, on the back of:

- Its strategic palm tree location (100% located in Kalimantan area), which will minimally affect the company's FFB production when affected by El Nino. Moreover, the company's nucleus average palm tree age is still young and productive (c.13 years). As a result, we expect its FY23F-24F nucleus FFB yield to remain high at 21-22 ton/Ha (FY22: 21.9 ton/Ha).

- A strong margin improvement in FY24F-25F, as we expect its blended CPO cash cost to decrease to IDR 6.1mn/6.0mn per tons (FY23F: 6.3mn/ton) from a lower fertilizer cost (-20%/-10% YoY). It should be noted that we anticipate DSNG's CPO cash cost will be similar with 1H23, as the company has fully secured and locked its fertilizer needs and prices since the beginning of this year.

- Taking into account all of the factors, we forecast DSNG's FY23F/24F/25F net-income to be at IDR 0.8tn/1.0tn/1.2tn (-31%/+24%/+14% YoY).

Our target prices is derived from FY24F 7.8x PE (-1 SD from its historical 5-years average PE). Currently the stock is trading at 6.2x PE (-1.3 SD from its historical 5 years average PE, which provides a minimal downside risk in our view. Downside risks to our call includes: 1) Greater-than-expected El nino effect that will decrease company's FFB production, 2) Higher-than-expected fertilizer prices, which will hinder the margin improvement, 3) Unfavourable government intervention in the CPO sector.

Operational outlook

We expect DSNG's nucleus FFB production yield to remain high due to its young palm tree age (c.13 years) and its plant area being all located in Kalimatan which still has a good rainfall level, based on our check in BMKG report. As a result, we expect TAPG's FY23F/24F nucleus FFB production yield to remain at 21-22 ton/Ha (FY22: 22 ton/Ha).

Visible earnings growth ahead, changes in our estimates

We expect DSNG's FY23F earnings to decline to IDR 0.8tn (-31% YoY) as a result of lower global CPO prices and higher fertilizer cost compared to FY22 condition. Nevertheless, we estimates DSNG's FY24F/25F earnings to surge to IDR 1tn/1.2tn (+24%/+14% YoY), on the back of: 1) rising CPO prices to RM 4,200-4,400/MT in FY24F-25F (FY23F: RM 4,000) due to El Nino effect and faster ageing palm tree age in Indonesia and Malaysia; 2) Lower input costs due to softening global fertilizer prices.

Stock Data & Indices

Bloomberg Code	DSNG.IJ
JCI Member	IDXNCYC
MSCI Indonesia Index	No
JII	No
LQ45	No
Kompas 100	Yes

Key Data

Issued Shares (mn)	10,599.8
Free Float (est in %)	23.8
Mkt. Cap (IDRbn)	6,412.9
Mkt. Cap (USDmn)	419.3
ADTV 90 days (IDRbn)	23.3
52 Wk-range	730 / 474

Performance (%)

	YTD	1m	3m	12m
Absolute	0.8	-3.2	4.3	13.1
Relative to JCI	0.1	-3.2	1.0	14.2

Company Data

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Revenue	7,124	9,634	7,894	7,868	7,938
EBITDA	1,891	3,018	2,270	2,521	2,641
Net Profit	650	1,207	833	1,036	1,183
EPS (IDR)	61	114	79	98	112
EPS Growth (%)	37.7%	85.5%	-31.0%	24.4%	14.2%
P/E (x)	9.9	5.3	7.7	6.2	5.4
EV/EBITDA	5.7	3.8	4.5	3.7	3.2
P/BV (x)	0.9	0.8	0.7	0.7	0.6
ROAE (%)	9.8%	15.9%	10.0%	11.6%	12.1%
Div. Yield (%)	0.9%	2.7%	6.6%	4.5%	5.7%

Income Statement

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Revenue	7,124	9,634	7,894	7,868	7,938
Gross Profit	2,025	3,118	2,363	2,524	2,644
Op. Profit	1,293	2,235	1,527	1,747	1,836
EBITDA	1,891	3,018	2,270	2,521	2,641
Interest income	15	15	26	23	40
Interest expenses	(442)	(578)	(486)	(441)	(359)
Net int. inc./(exp)	(427)	(562)	(460)	(419)	(319)
Other inc./(exp.)	10	(62)	-	-	-
Pre-tax profit	877	1,610	1,068	1,329	1,517
Tax	(226)	(404)	(235)	(292)	(334)
Net profit	650	1,207	833	1,036	1,183
DPR	12%	27%	35%	35%	35%

Company Background

PT Dharma Satya Nusantara Tbk is a palm oil and wood processing company. Own 12 CPO mills in Kalimantan area with FFB capacity 675 ton/hr, 1 PKO mill with capacity of 400 ton/day. It should be noted that the company has a young palm tree age at 13.7 years old

Balance Sheet

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Cash and equivalents	422	359	842	1,294	1,275
Bearer plants	3	3	3	3	3
Net fixed asset	9,578	10,201	10,254	10,116	9,953
Other assets	3,709	4,794	3,757	3,508	3,729
Total Asset	**13,712**	**15,357**	**14,856**	**14,921**	**14,960**
Account payables	361	508	332	374	371
Debt	4,693	5,426	4,563	4,147	3,371
Other liabilities	1,632	1,262	1,384	1,066	1,051
Total Liabilities	**6,687**	**7,197**	**6,279**	**5,587**	**4,793**
Minority interest	125	126	132	144	157
Shareholders' Equity	**7,025**	**8,160**	**8,577**	**9,334**	**10,167**

Major Shareholders

PT Triputra Investindo Arya	68.5%
PT Krishna Kapital Investama	8.8%
PT Tri Nur Cakrawala	14.3%
PT Mitra Aneka Guna	6.32%
Arianto Oetomo	5.43%
Andrianto Oetomo	5.43%
Public	33.1%

Cash Flow

Year end Dec (IDRbn)	2021	2022	2023F	2024F	2025F
Net profit	650	1,207	833	1,036	1,183
Depr. / amort.	598	643	743	774	805
Chg in working cap	(109)	(1,238)	1,274	(248)	(222)
CF operations	**1,139**	**612**	**2,849**	**1,562**	**1,766**
Capex	(921)	(1,266)	(796)	(636)	(642)
Others	458	(70)	(292)	222	(17)
CF investing	**(463)**	**(1,336)**	**(1,088)**	**(414)**	**(659)**
Net change in debt	(1,046)	733	(863)	(416)	(776)
Dividends	(58)	(175)	(422)	(291)	(363)
Others	202	103	6	12	13
CF financing	**(901)**	**661**	**(1,279)**	**(696)**	**(1,126)**
Net cash flow	**(225)**	**(63)**	**483**	**452**	**(19)**
Cash at BoY	648	423	360	842	1,294
Cash at EoY	**423**	**360**	**842**	**1,294**	**1,275**

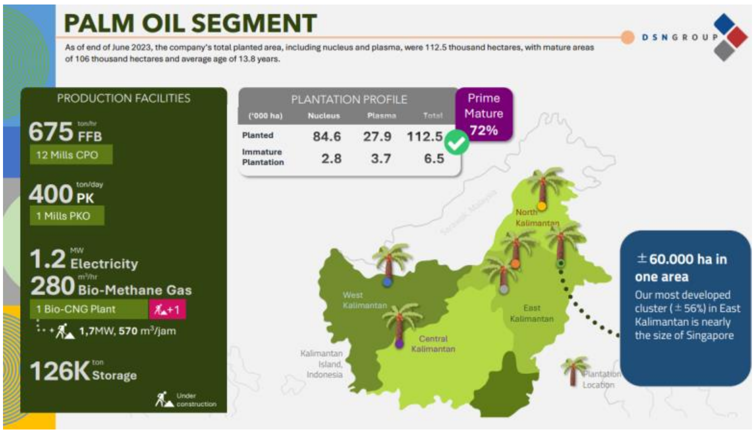
SWOT Analysis

Strength	**Weakness**
Has young and prime CPO plant age profile (c.13 years old)	Its fertilizer needs is highly dependent with SAMF
Opportunity	**Threat**
Higher global CPO prices and lower fertilizer prices	Significant drop in global CPO prices and unfavourable government intervention

Ratio Analysis

Year end Dec	2021	2022	2023F	2024F	2025F
Profitability					
Gross margin (%)	28.4	32.4	29.9	32.1	33.3
Op. margin (%)	18.2	23.2	19.3	22.2	23.1
EBITDA margin (%)	26.5	31.3	28.8	32.0	33.3
Net margin (%)	9.1	12.5	10.5	13.2	14.9
ROAE (%)	9.8	15.9	10.0	11.6	12.1
ROAA (%)	4.7	8.3	5.5	7.0	7.9
Stability					
Current ratio (x)	1.3	1.1	1.8	2.7	2.9
Net debt to equity (x)	0.6	0.6	0.4	0.3	0.2
Interest coverage (x)	4.3	5.2	4.7	5.7	7.4
Efficiency					
Receivables (days)	13.8	18.1	14.6	14.6	14.6
Inventory (days)	39.6	48.9	32.9	32.9	32.9
Payables (days)	18.5	19.3	15.3	17.4	17.0

Figure 63. DSNG's palm tree location



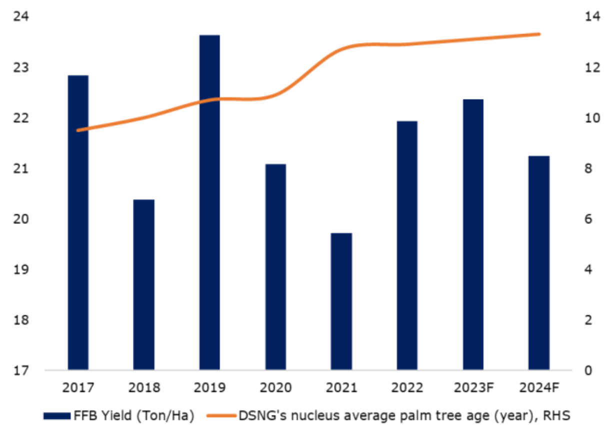
Source: Company, Trimegah Research

Figure 64. DSNG's palm tree location

Description	Old		New		Change	
	2023F	2024F	2023F	2024F	2023F	2024F
Revenue	9,202	9,372	7,894	7,868	-14.2%	-16.0%
Operating Profit	1,505	1,607	1,527	1,747	1.5%	8.7%
EBITDA	2,255	2,394	2,270	2,521	0.7%	5.3%
Net Profit	874	974	833	1,036	-4.7%	6.4%

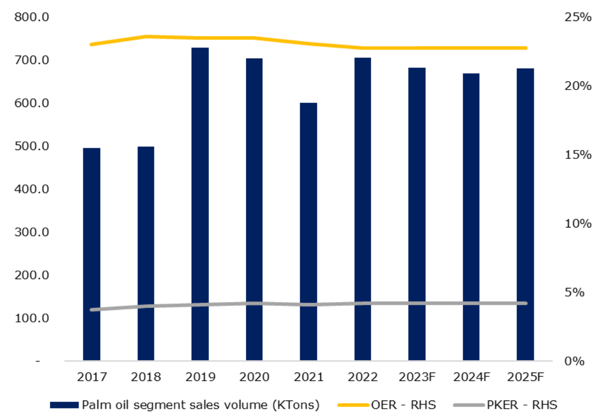
Source: Company, Trimegah Research

Figure 65. DSNG's FFB yield and average palm tree age profile



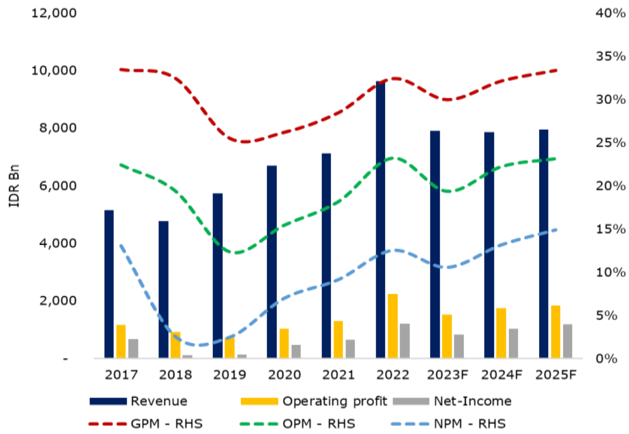
Source: Company, Trimegah Research

Figure 66. DSNG's palm oil segment sales volume, OER (oil extraction rate), and PKER (Palm kernel extraction rate)



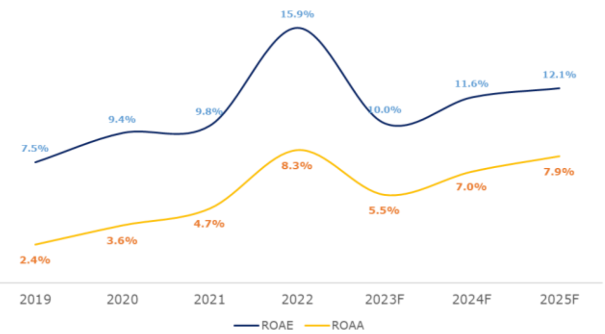
Source: Company, Trimegah Research

Figure 67. DSNG's financial performances



Source: Company, Trimegah Research

Figure 68. DSNG's ROA and ROE



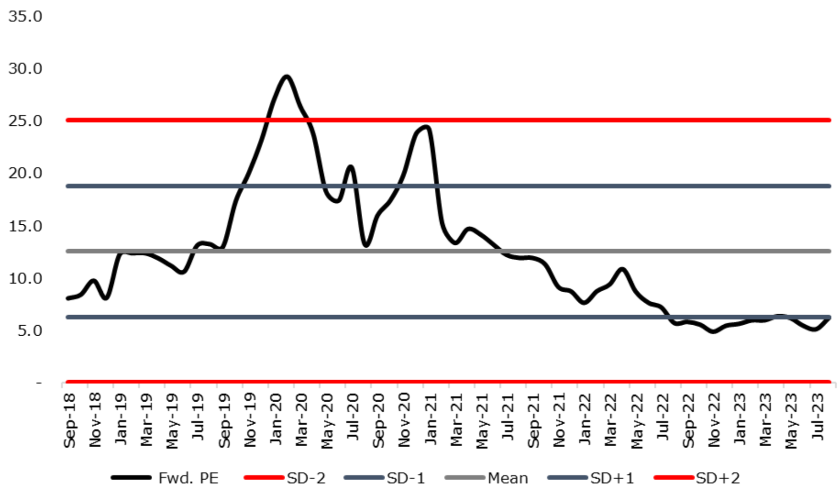
Source: Company, Trimegah Research

Figure 69. DSNG's peers comparison

Company name	Ticker	Market cap (USDmn)	EV (USDmn)	P/E (x) 2023F	P/E (x) 2024F	P/B (x) 2023F	P/B (x) 2024F	EV/EBITDA (x) 2023F	EV/EBITDA (x) 2024F	ROE (%) 2023F	ROE (%) 2024F	ROA (%) 2023F	ROA (%) 2024F	DER 2023F	Div. Yield (%) 2023F	Div. Yield (%) 2024F
Average Domestic CPO players				**23.4**	**9.9**	**1.3**	**1.2**	**7.0**	**5.9**	**9.5**	**12.0**	**5.1**	**6.2**	**105.7**	**6.1**	**5.7**
Triputra Agro Persada	TAPG IJ	734	789	8.5	6.5	1.0	0.9	4.8	3.6	11.8	14.0	8.6	10.5	22.4	4.6	5.3
London Sumatera Indonesia	LSIP IJ	453	176	9.9	9.6	0.6	0.8	2.2	2.1	6.9	7.0	5.8	6.1	0.0	5.3	4.1
Astra Agro Lestari	AALI IJ	960	1,170	15.2	11.4	0.7	0.7	5.4	5.0	4.9	5.5	3.6	4.1	18.2	5.4	-
Eagle High Plantations	BWPT IJ	118	480	-	-	-	-	-	-	-	-	-	-	344.4	-	-
Sawit Sumbermas Sarana	SSMS IJ	754	1,082	10.9	11.8	1.7	1.5	12.4	12.5	17.5	15.7	8.0	7.3	91.9	13.4	5.4
Tunas Baru Lampung	TBLA IJ	303	1,018	5.0	4.5	0.6	0.7	4.5	4.0	12.5	13.9	3.6	3.9	156.4	5.1	7.9
Sinar Mas Agro Resources & Technology	SMAR IJ	827	1,769	-	-	-	-	-	-	-	-	-	-	94.6	-	-
Salim Ivomas Pratama	SIMP IJ	410	948	-	-	-	-	-	-	-	-	-	-	41.1	2.6	-
Nusantara Sawit Sejahtera	NSSS IJ	296	410	90.9	15.5	3.0	2.5	12.9	8.0	3.3	15.9	1.0	5.6	182.0	-	-
Average Regional CPO players				**23.7**	**17.6**	**0.9**	**0.9**	**8.3**	**7.9**	**6.8**	**7.7**	**4.7**	**4.8**	**38.7**	**7.3**	**3.9**
Wilmar International	WIL SP	16,508	40,611	11.4	9.1	0.8	0.8	11.2	9.7	7.4	8.6	2.8	3.1	135.7	5.1	4.2
Golden Agri Resources	GGR SP	2,342	4,490	5.8	6.2	0.4	0.4	3.6	3.7	8.3	11.6	5.7	5.4	56.8	11.4	6.0
First Resources	FR SP	1,736	1,805	9.0	8.2	1.3	1.2	5.4	5.0	13.1	13.6	10.7	10.6	21.1	8.3	5.2
Sime Darby Plantation	SDPL MK	6,508	8,088	28.6	21.1	1.7	1.6	12.1	10.2	6.5	8.3	4.3	5.4	33.0	4.4	2.4
United Plantations	UPL MK	1,420	1,282	-	-	-	-	8.0	8.0	-	-	-	-	0.4	-	-
Genting Plantations	GENP MK	1,105	1,369	18.2	16.3	0.9	0.9	9.2	8.7	5.3	5.6	3.5	3.4	45.8	5.7	3.3
Sarawak Oil Palms	SOP MK	485	361	8.4	8.1	0.6	0.6	3.5	3.3	7.0	6.7	4.4	4.6	22.1	5.3	2.6
Boustead Plantations	BPLANT MK	724	858	93.8	60.0	-	-	16.9	17.6	1.8	1.7	1.2	1.2	30.3	8.7	3.1
Hap Seng Plantations	HAPL MK	325	235	14.4	12.1	0.8	0.8	5.2	4.9	5.1	5.7	4.7	4.9	3.5	9.5	4.2
Average Domestic CPO players				**23.5**	**13.8**	**1.1**	**1.0**	**7.7**	**6.9**	**8.1**	**9.9**	**4.9**	**5.5**	**72.2**	**6.7**	**4.8**
Dharma Satya Nusantara	**DSNG IJ**	**420**	**732**	**7.7**	**6.2**	**0.7**	**0.7**	**4.5**	**3.7**	**10.0**	**11.6**	**5.5**	**7.0**	**66.7**	**4.5**	**5.7**

Source: Bloomberg, Trimegah Research

Figure 70. DSNG's fwd. PE band



Source: Bloomberg, Trimegah Research

Nusantara Sawit Sejahtera

The Dark Horse

BUY (maintain)

Target Price	IDR 222 (+19%)
Previous TP	IDR 190
Current Price	IDR 187

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Maintain BUY with TP of IDR 222/sh (+19% ups)

We maintain our Buy call for NSSS with a higher TP of IDR 222/sh (prev: IDR 190/sh), on the back of:

- NSSS' exponential CPO production growth in the near term, as management expects its second mill to be operational in October'23. The total NSSS CPO production capacity will double to 120 tph (currently 60 tph). It is worth noting that the new mill will also have a direct piping system that connects directly to its boat terminal, which will speed up the CPO distribution process to the customers.

- Continuous increase of NSSS' nucleus FFB production yield due to its average palm trees (c.9 years) just entering the most productive age. We also expect the company's FFB production to be less impacted by El Nino because of its overall palm tree located in the Kalimantan area. Hence, we expect the company's FFB nucleus yield to reach 19-21 ton/Ha in FY23F-25F (FY22: 16 ton/Ha). Moreover, we expect the NSSS' CPO sales volume to increase from 90ktons in FY22 to 101 ktons/128 ktons/130ktons in FY23F-25F due to its new CPO mill that will operate soon.

Changes in our estimates

We expect the NSSS' FY23F earnings to decrease to IDR 31bn (FY22: IDR 70bn) due to lower global CPO prices and higher fertilizer costs compared to FY22 condition. Nevertheless, we expect the company's earnings will improve in FY24F/25F to IDR 195bn/ 219bn driven by its CPO production capacity expansion, higher global CPO prices, and lower fertilizer cost.

Valuation

We initiate NSSS with a BUY rating (TP: IDR 222/share). We derive our target prices using DCF (WACC 13%, risk free 7.5%, market premium 6.5%, and long-term growth 3%) to capture the company's long-term value. Our TP implies FY24F 17.1x PE, which is higher than average peers at 8.5x PE, due to the company has the youngest CPO plant age in the sector and robust EPS growth driven by CPO production capacity expansion. Downside risks to our call includes: 1) Greater-than-expected El nino effect that will decrease company's FFB production, 2) Higher-than-expected fertilizer prices, which will hinder the margin improvement, 3) Unfavourable government intervention in the CPO sector.

Stock Data & Indices

Bloomberg Code	NSSS.IJ
JCI Group	IDXNCYC
MSCI Indonesia Index	No
JII	No
LQ45	No
Kompas 100	No

Key Data

Issued Shares (mn)	23,788
Free Float (est) (%)	43.1
Mkt. Cap (IDRbn)	4,686.3
Mkt. Cap (USDmn)	306.4
ADTV 90 days (IDRbn)	16.6
52 Wk-range	240 / 126

Performance (%)

	YTD	1m	3m	12m
Absolute	55.1	-12.1	34.9	-
Relative to JCI	54.4	-12.1	31.6	-

Company Data

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Revenue (Rp bn)	1,147	1,134	1,217	1,561	1,645
EBITDA (Rp bn)	648	433	403	647	692
Net Profit (Rp bn)	245	70	37	213	254
EPS (Rp)	12	3	2	9	11
EPS Growth (%)	1162.5	-71.4	-55.0	472.2	19.4
P/E (x)	11.7	40.9	90.9	15.9	13.3
EV/EBITDA	7.5	11.4	12.9	8.0	7.3
P/BV (x)	5.1	4.6	3.0	2.5	2.2
ROAE (%)	43.9	11.1	3.3	15.9	16.4
Div. Yield (%)	N/A	N/A	0.0	0.0	1.1

Income Statement

Income Statement

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Revenue	1,147	1,134	1,217	1,561	1,645
Gross profit	571	406	375	605	661
Op. Profit	505	326	274	495	539
EBITDA	648	433	403	647	692
Interest income	2	2	2	3	3
Interest expense	(205)	(192)	(228)	(225)	(215)
Net int. inc./(exp.)	(203)	(189)	(226)	(222)	(213)
Other inc./(exp.)	0	(9)	-	-	-
Pre-tax profit	335	125	48	273	326
Tax	(89)	(54)	(11)	(60)	(72)
Minority Int.	-	-	-	-	-
Net profit	245	70	37	213	254
DPR	0%	0%	0%	0%	15%

Balance Sheet

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Cash and equivalents	191	40	262	265	281
Net fixed asset	542	623	786	739	700
Other assets	2,242	2,372	2,513	2,798	2,964
Total Asset	**2,975**	**3,035**	**3,561**	**3,802**	**3,944**
ST debt	166	109	80	60	30
Other curr. liab	197	228	294	329	340
LT debt	1,990	1,996	1,992	1,982	1,927
Other LT liab	63	72	75	98	99
Total Liabilities	**2,416**	**2,405**	**2,441**	**2,469**	**2,395**
Minority interest	0	0	0	0	0
Shareholders' Equity	**559**	**630**	**1,120**	**1,333**	**1,549**

Cash Flow

Year end Dec (IDR bn)	2021	2022	2023F	2024F	2025F
Net profit	245	70	37	213	254
Dep. & amort.	110	120	128	152	153
Change In nc working cap	97	53	(147)	83	(7)
CF operations	**258**	**137**	**312**	**281**	**414**
Capex	(182)	(254)	(391)	(200)	(300)
Others	143	17	(121)	(47)	25
CF investing	**(39)**	**(237)**	**(512)**	**(247)**	**(275)**
Net change in debt	(70)	(51)	(32)	(30)	(85)
Equity changes	1	1	453	-	(38)
CF financing	**(70)**	**(51)**	**421**	**(30)**	**(123)**
Net cash flow	**150**	**(151)**	**221**	**4**	**15**
Cash at BoY	42	191	40	262	265
Cash at EoY	**191**	**40**	**262**	**265**	**281**

Ratio Analysis

Year end Dec	2021	2022	2023F	2024F	2025F
Profitability					
Gross Margin (%)	49.8	35.8	30.8	38.7	40.2
Opr Margin (%)	44.1	28.7	22.5	31.7	32.7
EBITDA Margin (%)	56.5	38.2	33.1	41.5	42.1
Core Net Margin (%)	21.4	6.2	3.1	13.6	15.4
ROAE (%)	43.9	11.1	3.3	15.9	16.4
ROAA (%)	8.2	2.3	1.0	5.6	6.4
Stability					
Current ratio (x)	1.1	1.0	1.3	1.5	1.7
Debt to Equity (x)	3.9	3.3	1.8	1.5	1.3
Interest Coverage (x)	3.2	2.3	1.8	2.9	3.2
Efficiency					
Receivables (days)	6.9	9.7	6.6	6.5	6.4
Inventory (days)	56.8	80.2	42.1	47.1	43.9
Payables (days)	66.6	62.4	72.2	68.5	69.1

Company Background

Established in 2009 by Mr. Teguh Patriawan. NSSS is one of CPO companies in Indonesia that has the youngest CPO plant age profile at 8.2 years old. The company has 55k of land area located in Sampit, Central Kalimantan. Currently, the company owns 60 tons/hr of CPO mill capacity and 15 tons/hr of palm kernel crusher

Major Shareholders

PT Mitra Agro Dharma Unggul	37.2%
Ir. Teguh Patriawan	14.6%
PT Samuel Sekuritas Indonesia	18.6%
PT Nusantara Makmur Lestari	9.1%
Public	20.5%

SWOT Analysis

Strength	**Weakness**
Has young and prime CPO plant age profile of 8.2 years old	Highly dependent on SMAR
Opportunity	**Threat**
Higher global CPO prices and lower fertilizer prices	Drop in global CPO prices and unfavourable government intervention in the CPO sector

Figure 71. NSSS' palm tree location

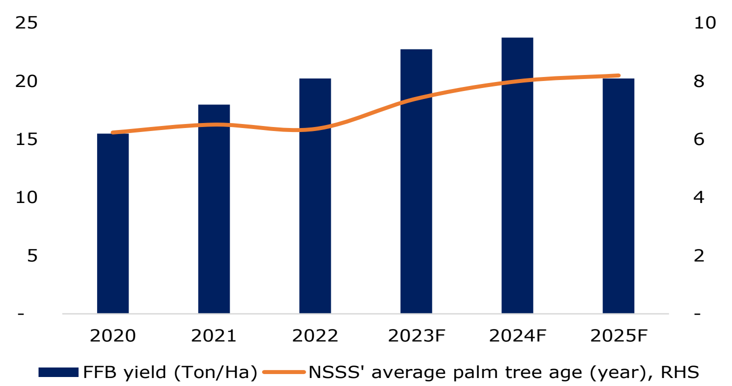
Source: Company, Trimegah Research

Figure 72. NSSS' palm tree location

Description	Old		New		Change	
	2023F	2024F	2023F	2024F	2023F	2024F
Revenue	1,350	1,621	1,217	1,561	-9.9%	-3.7%
Operating Profit	538	675	274	495	-49.1%	-26.7%
EBITDA	662	822	403	647	-39.1%	-21.3%
Net Profit	254	372	37	213	-85.4%	-42.7%

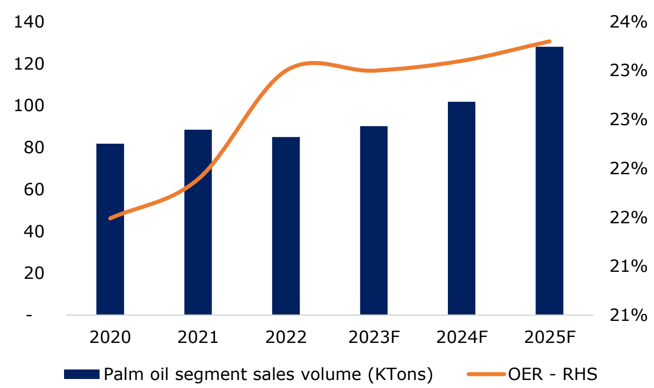
Source: Company, Trimegah Research

Figure 73. NSSS' FFB yield and average palm tree age profile



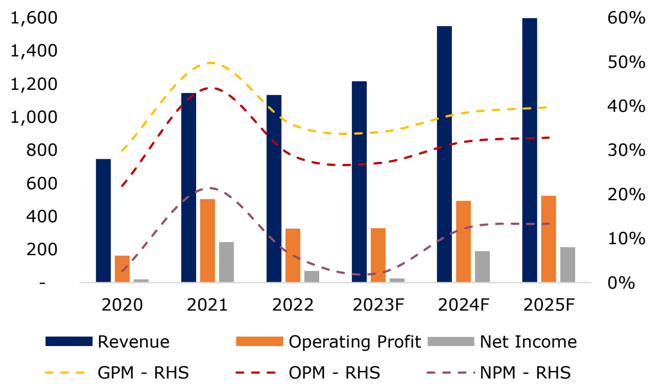
Source: Company, Trimegah Research

Figure 74. NSSS' palm oil segment sales volume and OER (oil extraction rate)



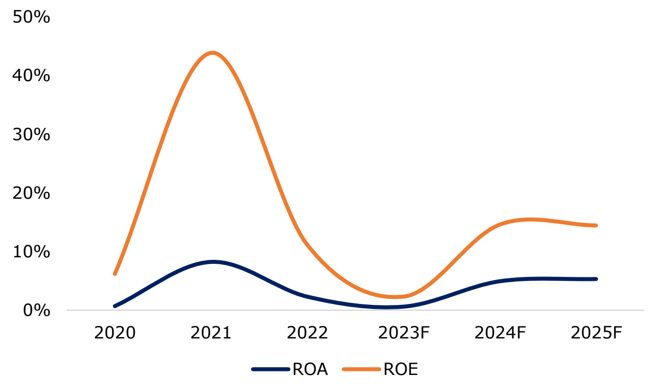
Source: Company, Trimegah Research

Figure 75. NSSS' financial performances



Source: Company, Trimegah Research

Figure 76. NSSS' ROA and ROE



Source: Company, Trimegah Research

Figure 77. NSSS' DCF valuation

Desc	Amount
Shares outstanding (mn shares)	24
Current market price (IDR)	142
Current market cap. (IDR bn)	3,378
Beta	1.5
Risk free rate	7.5%
Expected Market Return	14.0%
Market premium	6.5%
Cost of equity (CAPM)	**16.9%**
Cost of debt	11.0%
Tax rate	22.0%
After-tax cost of debt	**8.6%**
WACC	**12%**
Equity Weighting	46%
Debt Weighting	54%
LT Growth	**3%**

Period	1	2	3	4	5
Figures (IDR Bn)	**2024F**	**2025F**	**2026F**	**2027F**	**2028F**
EBIT	495	539	654	819	984
1-Tax	*22%*	*22%*	*22%*	*22%*	*22%*
NOPAT	**386**	**420**	**510**	**639**	**768**
Addback: depreciation	152	153	173	182	193
EBITDA	**538**	**573**	**684**	**820**	**960**
Less: capital expenditures	-200	-300	-370	-70	-70
Incr./Decr. in working capital	-83	7	21	1	-9
Free cash flow	**255**	**280**	**335**	**751**	**881**
PV of FCF	**227**	**221**	**236**	**470**	**491**
Sum of PV of FCF	**1,645**				
Terminal value	**9,747**				
PV of terminal value	**5,428**				
Enterprise Value	**7,074**				
Add: cash	265				
Less: debt	2,042				
Less: Minority	0				
Equity Value	**5,297**				
Shares outstanding (Mn of shares)	24				
Equity Fair Value/share (IDR)	223				
Rounding (IDR)	**223**				
Current share prices (IDR)	187				
Upside (Downside)	**19%**				

Source: Trimegah Research

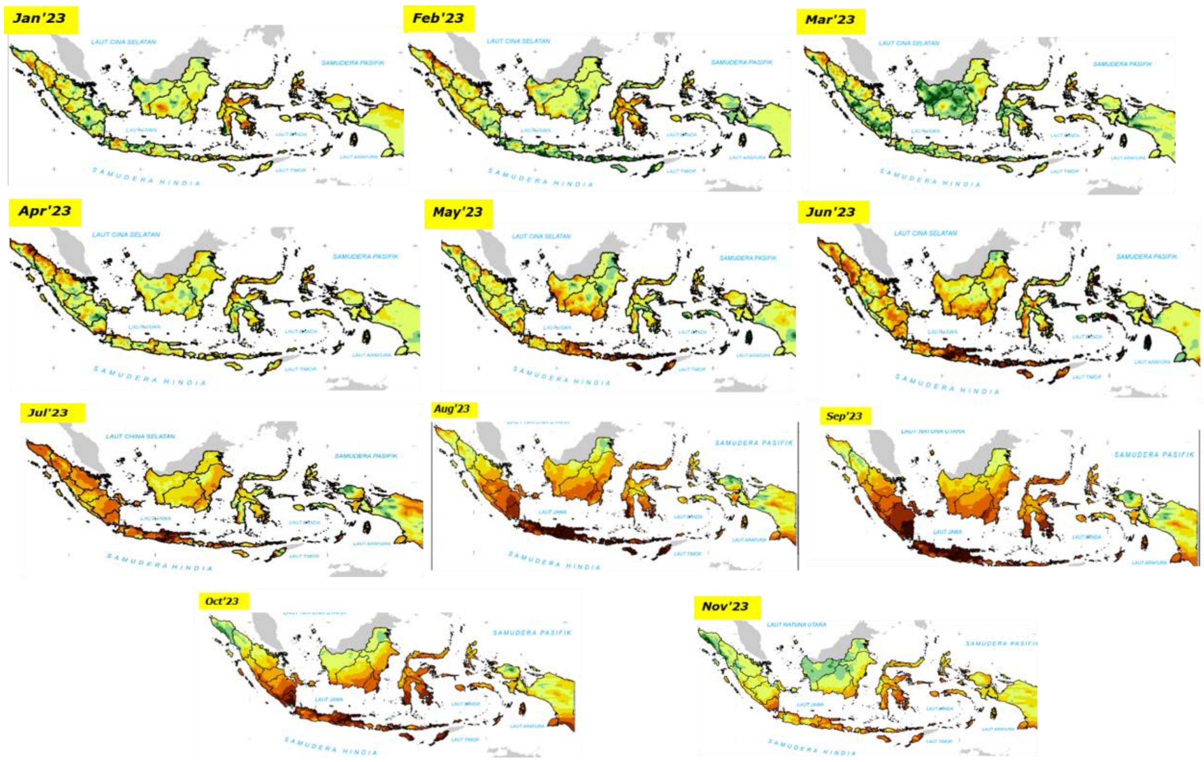
Figure 78. NSSS' peers comparison

Company name	Ticker	Market cap (USDmn)	EV (USDmn)	P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROA (%)		DER	Div. Yield (%)	
				2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2023F	2024F
Average Domestic CPO players				**9.5**	**8.3**	**0.9**	**0.9**	**5.6**	**5.2**	**10.6**	**11.3**	**5.8**	**6.5**	**92.9**	**5.8**	**5.7**
Triputra Agro Persada	TAPG IJ	734	789	8.5	6.5	1.0	0.9	4.8	3.6	11.8	14.0	8.6	10.5	22.4	4.6	5.3
London Sumatera Indonesia	LSIP IJ	453	176	9.9	9.6	0.6	0.8	2.2	2.1	6.9	7.0	5.8	6.1	0.0	5.3	4.1
Astra Agro Lestari	AALI IJ	960	1,170	15.2	11.4	0.7	0.7	5.4	5.0	4.9	5.5	3.6	4.1	18.2	5.4	-
Eagle High Plantations	BWPT IJ	118	480	-	-	-	-	-	-	-	-	-	-	344.4	-	-
Sawit Sumbermas Sarana	SSMS IJ	754	1,082	10.9	11.8	1.7	1.5	12.4	12.5	17.5	15.7	8.0	7.3	91.9	13.4	5.4
Tunas Baru Lampung	TBLA IJ	303	1,018	5.0	4.5	0.6	0.7	4.5	4.0	12.5	13.9	3.6	3.9	156.4	5.1	7.9
Sinar Mas Agro Resources & Technology	SMAR IJ	827	1,769	-	-	-	-	-	-	-	-	-	-	94.6	-	-
Salim Ivomas Pratama	SIMP IJ	410	948	-	-	-	-	-	-	-	-	-	-	41.1	2.6	-
Dharma Satya Nusantara	DSNG IJ	420	732	7.7	6.2	0.7	0.7	4.5	3.7	10.0	11.6	5.5	7.0	66.7	4.5	5.7
Average Regional CPO players				**23.7**	**17.6**	**0.9**	**0.9**	**8.3**	**7.9**	**6.8**	**7.7**	**4.7**	**4.8**	**38.7**	**7.3**	**3.9**
Wilmar International	WIL SP	16,508	40,611	11.4	9.1	0.8	0.8	11.2	9.7	7.4	8.6	2.8	3.1	135.7	5.1	4.2
Golden Agri Resources	GGR SP	2,342	4,490	5.8	6.2	0.4	0.4	3.6	3.7	8.3	11.6	5.7	5.4	56.8	11.4	6.0
First Resources	FR SP	1,736	1,805	9.0	8.2	1.3	1.2	5.4	5.0	13.1	13.6	10.7	10.6	21.1	8.3	5.2
Sime Darby Plantation	SDPL MK	6,508	8,088	28.6	21.1	1.7	1.6	12.1	10.2	6.5	8.3	4.3	5.4	33.0	4.4	2.4
United Plantations	UPL MK	1,420	1,282	-	-	-	-	8.0	8.0	-	-	-	-	0.4	-	-
Genting Plantations	GENP MK	1,105	1,369	18.2	16.3	0.9	0.9	9.2	8.7	5.3	5.6	3.5	3.4	45.8	5.7	3.3
Sarawak Oil Palms	SOP MK	485	361	8.4	8.1	0.6	0.6	3.5	3.3	7.0	6.7	4.4	4.6	22.1	5.3	2.6
Boustead Plantations	BPLANT MK	724	858	93.8	60.0	-	-	16.9	17.6	1.8	1.7	1.2	1.2	30.3	8.7	3.1
Hap Seng Plantations	HAPL MK	325	235	14.4	12.1	0.8	0.8	5.2	4.9	5.1	5.7	4.7	4.9	3.5	9.5	4.2
Average Domestic CPO players				**16.6**	**13.0**	**0.9**	**0.9**	**7.0**	**6.5**	**8.7**	**9.5**	**5.3**	**5.6**	**65.8**	**6.6**	**4.8**
Nusantara Sawit Sejahtera	**NSSS IJ**	**296**	**410**	**90.9**	**15.5**	**3.0**	**2.5**	**12.9**	**8.0**	**3.3**	**15.9**	**1.0**	**5.6**	**182.0**	**-**	**-**

Source: Bloomberg, Trimegah Research

APPENDIX

Appendix 1. Indonesia's rainfall



**BMKG's rainfall forecast for Aug 2023F - Nov 2023F*

Source: BMKG, Trimegah Research

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Neutral	: Share price is expected to trade within the range of 0%-10% over the next 12 months
Sell	: Share price is expected to trade below 0% over the next 12 months
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