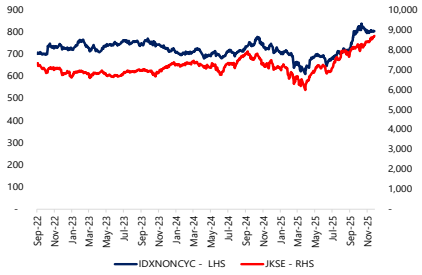
OVERWEIGHT

Index (Dec 08th, 25)	807.26
Number of Companies	129
Market Cap	1,190 T
52w Lo/Hi	604.0 / 847.3
6 Months Changes	17.03%
YTD Changes	12.58%

Source : IDX | Phintraco Sekuritas Research | as of Dec 08th, 2025

IHSG vs IDX NONCYC



Source : IDX | Phintraco Sekuritas Research

Stock	Fair Value	Potential Upside
TAPG	1,700	8.63%
STAA	1,400	-%
AALI	8,000	0.63%
SSMS	2,350	36.63%

as of Dec 08th, 2025

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Plantations

CPO Stays Firm on Supply Tightness

We estimate that global CPO production will remain relatively flat in FY26F, a condition driven by stagnant productivity in the two main producers, both of which continue to face structural issues related to aging plantations. The Indonesian government has long initiated the smallholder palm oil program, in which the program aims to replant 500 thousand hectares within three years starting in 2018, yet its realization has progressed slowly **(Figure 4).** On the demand side, domestic consumption is expected to continue increasing in line with the implementation of the B50 mandate in FY26F, which is estimated to require >19 million kL or equivalent to 21–22 million tons of CPO. With supply remaining relatively limited and demand relatively solid, we estimate that CPO prices will move around ~MYR 4,200–4,800/MT in FY26F, with potential for further upside if production is disrupted by weather conditions.

Ongoing geopolitical tensions in several regions remain a key factor preventing a correction in global fertilizer prices, keeping the Global Fertilizer Price Index at a high level of around USD 678/MT (+25.8% YTD) through 9M25. In the nitrogen market, although natural gas prices have declined, urea remains in the range of USD 451/MT (+35.96% YTD) due to limited supply from Qatar, Saudi Arabia, and Oman. A stronger upward trend is seen in phosphates, with DAP prices averaging USD 707/MT (+24.34% YTD). This condition is driven by export restrictions in Tiongkok and limited supply from Morocco and Tunisia. At the same time, the potash market is also relatively tight, with Brazil Potash CFR Granular averaging USD 355/MT (+20.34% YTD), caused by supply disruptions from Russia and Belarus, which remain affected by economic sanctions. With global uncertainty still high, availability risk for fertilizer raw materials remains significant and ultimately limits the room for price correction in the short term. Therefore, we estimate that global fertilizer prices will remain above historical averages and may even rise by more than 10% YoY if geopolitical escalation remains elevated.

Indonesia's CPO export direction is expected to become increasingly diversified following the signing of the Indonesia–European Union Comprehensive Economic Partnership Agreement (IEU–CEPA), which opens access to the European Union market. To date, exports have still relied on India and Tiongkok, which absorb around 33% of total national exports **(Table 1),** while the European Union is the third-largest CPO importer in the world with demand reaching 6–7 million tons per year. This diversification opportunity is also reinforced by India's reduction of its palm oil import tariff to 10%, making Indonesia's CPO more competitive without depending on a single major market. However, for expansion opportunities to the European Union to be fully optimized, Indonesia must comply with the Environmental Deforestation Regulation (EUDR), which requires land traceability verification and proof that products are not linked to deforestation. In this context, producers with RSPO certification stand to benefit because they have assured export access, lower rejection risk, and the potential to obtain premium pricing in the European Union market

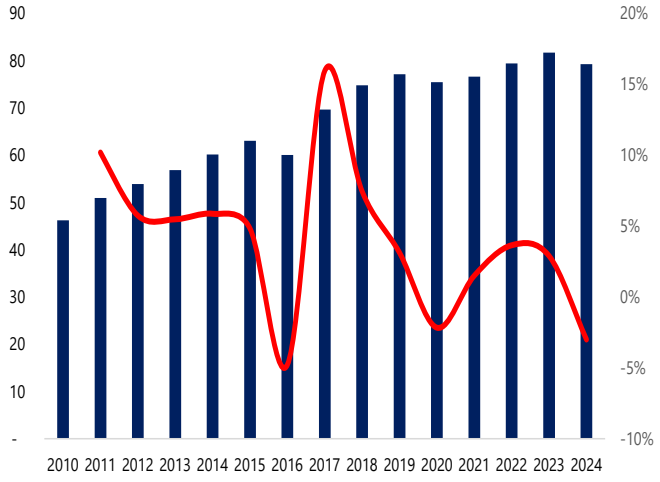
We maintain an OVERWEIGHT rating for the plantations sector, supported by limited supply and relatively solid demand, which will keep CPO prices at elevated levels throughout FY26F. Issuers that are able to maintain efficient cash costs and have relatively young plantation profiles are, in our view, in the best position to sustain solid performance, while downstream exposure will be an added value for companies that possess it because it provides margin flexibility amid price volatility. Therefore, we choose **STAA (TP: Rp1,400)** and **TAPG (TP: Rp1,700)** as our top picks, as both offer competitive cost structures and young plantation profiles that support long-term production stability. **Downside risks** in our view, include CPO price volatility, changes in export or biodiesel policies, and the potential for fertilizer cost increases caused by elevated geopolitical tensions.

Indonesia has become the main factor weighing on global CPO production, with output recorded at 44 million tons (-9.3% YoY) amid El Niño-induced droughts that suppressed fresh fruit bunch (FFB) productivity across major plantation regions. Conversely, Malaysia recorded a production increase of +4.2% YoY to 19 million tons, supported by more even rainfall patterns and increased harvesting activity. In total, global CPO production for the year reached 79 million tons (-3.0% YoY). Structurally, global production growth has also shown a slowdown, with a CAGR of around 3.2% during 2010–2024, reflecting limited land expansion and stagnant productivity in key producing countries.

Both major producers continue to face similar structural challenges, particularly related to aging plantation profiles, which means productivity recovery will remain relatively limited in the short term. Both Indonesia and Malaysia are experiencing stagnant yields, where average output has persisted at around ~20 thousand tons of FFB per ha and ~3 thousand tons of FFB per ha over the past five years. This condition indicates that production growth in both countries is decelerating, thereby requiring a more targeted acceleration of replanting programs to achieve the desired productivity levels.

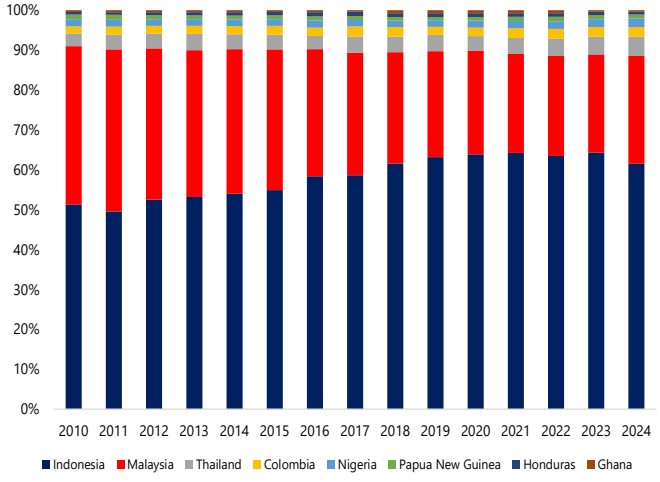
As a response to stagnant productivity, the Government through the Smallholder Palm Oil Replanting Program (PSR) targeted the revitalization of 500 thousand hectares within 3 years starting in 2018. However, progress has tended to be slow, with total accumulated achievement up to 2024 reaching only 365 thousand hectares, or an average of 46 thousand hectares per year (Figure 4). It is worth noting that replanting crops generally only reach optimal productivity after around seven years of planting or when entering the prime phase. Therefore, potential output improvement in the short term remains limited, while tangible results from replanting will only become evident in the medium to long term, in line with the renewal of plantation profiles in the two key producing countries.

Figure 1. Global CPO Production (in Mn Tons)



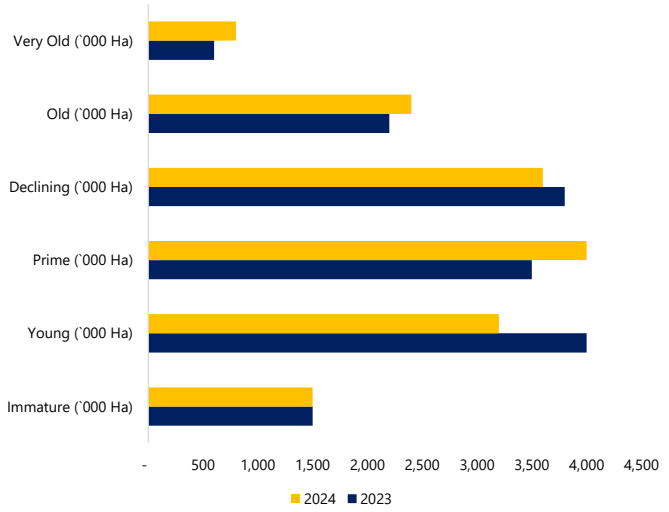
Source : CPOPC | Phintraco Sekuritas Research

Figure 2. Global CPO Production Breakdown



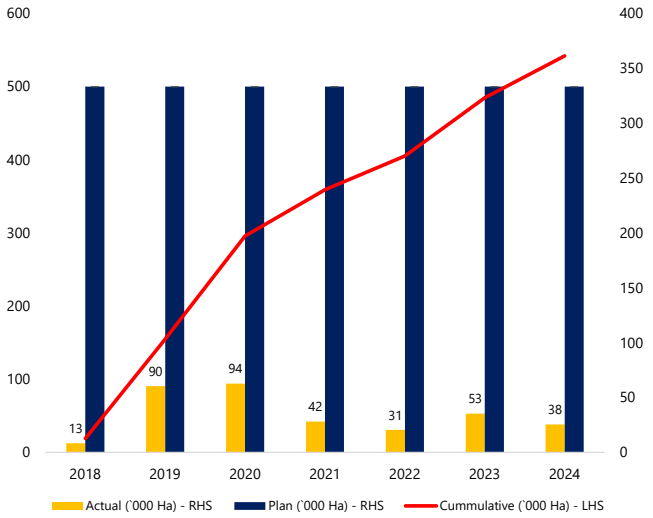
Source : CPOPC | Phintraco Sekuritas Research

Figure 3. Brekadown Oil Palm Age Profile in Indonesia (2023–2024)



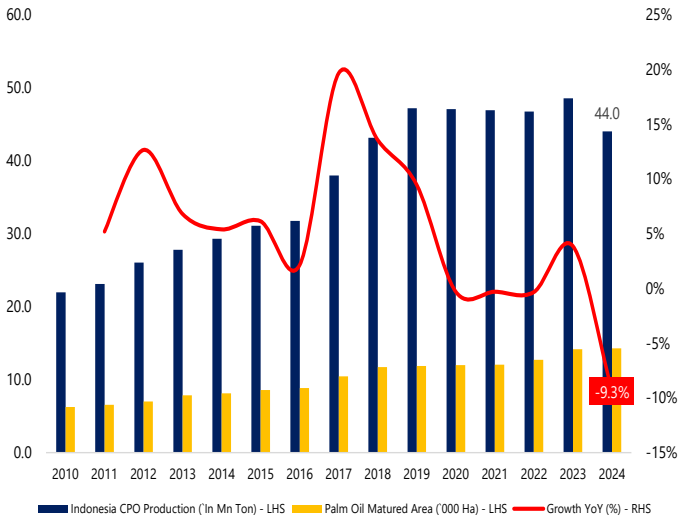
Source : BPS | Phintraco Sekuritas Research

Figure 4. Cumulative Progress of PSR Program



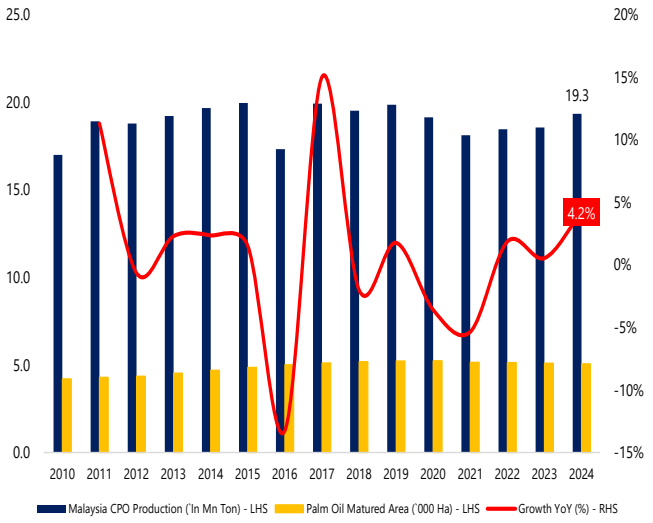
Source : BPDPKS | Phintraco Sekuritas Research

Figure 5. Indonesia CPO Production Trend



Source : CPOPC | Phintraco Sekuritas Research

Figure 6. Malaysia CPO Production Trend



Source : CPOPC | Phintraco Sekuritas Research

Ongoing geopolitical tensions in several regions remain a major factor preventing a correction in global fertilizer prices. The Global Fertilizer Price Index has remained at a high level, recorded at around USD 678/MT (+25.8% YTD) through 9M25, far above the historical average of around USD 475/MT. This condition is reinforced by a combination of solid demand, export restrictions from several key countries, and upstream supply disruptions, particularly for potash and phosphate commodities. Although natural gas prices have declined significantly, availability risk for fertilizer raw materials remains high, thereby limiting the room for global price correction in the short term.

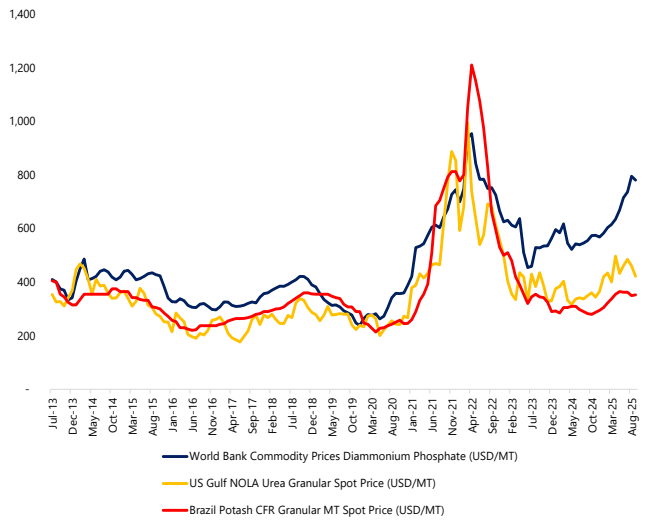
The global urea market shows a strengthening trend, with US Gulf/NOLA prices ranging from USD 401–497/MT and averaging USD 451/MT through the end of September (+35.96% YTD). This condition is influenced by limited supply from Qatar, Saudi Arabia, and Oman, which control a significant share of global urea and ammonia exports, thereby exerting pressure on market balance throughout the year.

The global diammonium phosphate (DAP) market also shows a strengthening trend, with prices ranging from USD 615–795/MT and averaging USD 707/MT through the end of September (+24.34% YTD). Export restrictions on phosphates from Tiongkok, exacerbated by relatively limited supply from Morocco and Tunisia, have tightened supply in the international market. At the same time, demand remains solid due to increasing raw material needs for LFP battery production, keeping the market tight throughout the year.

The global potash market also shows a similar trend, with Brazil Potash CFR Granular prices ranging from USD 338–365/MT and averaging USD 355/MT through the end of September (+20.34% YTD). The shortage of supply is caused by disruptions from Russia and Belarus, which continue to face economic sanctions and logistical barriers from Europe and the United States.

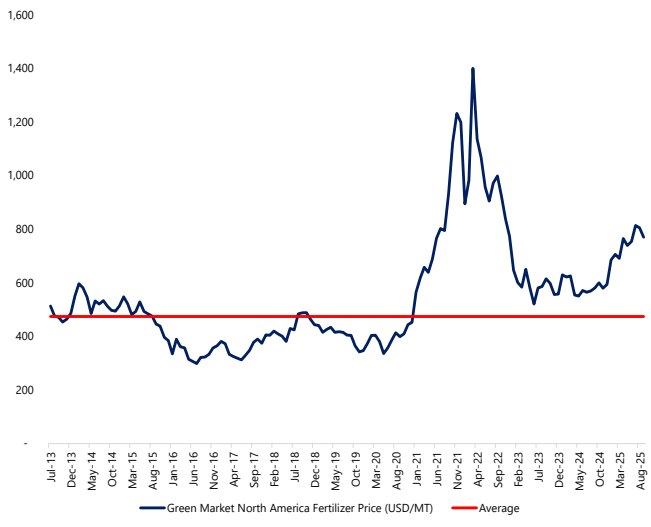
With geopolitical tension and trade policy interventions expected to persist through FY26F, we estimate that global fertilizer prices will remain above historical averages and may increase by >10% YoY, particularly if geopolitical escalation continues.

Figure 7. DAP, Urea, and Potash Prices (USD/MT)



Source : Bloomberg | Phintraco Sekuritas Research

Figure 8. Green Market – North America Fertilizer Index (USD/MT)

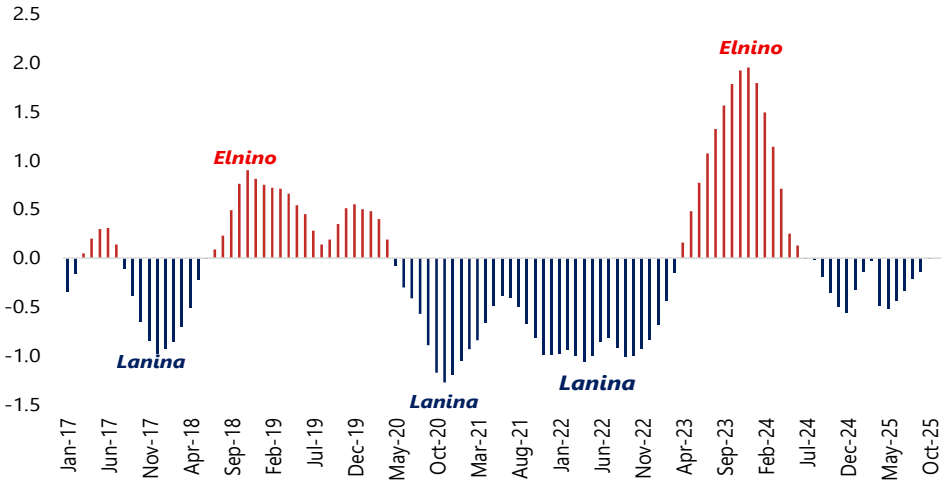


Source : Bloomberg | Phintraco Sekuritas Research

Weather is a crucial variable for plantation sector productivity. Stable climate conditions generally support consistent fresh fruit bunch (FFB) growth, while extreme weather anomalies can disrupt the harvest cycle and ultimately reduce output. The El Niño phenomenon that affected Indonesia throughout 2023 was proven to reduce FFB volumes, resulting in a sharp decline in CPO output in the following year. The effects of this phenomenon are lagging in nature, where the impact on production only becomes visible the year after. In contrast, conditions in 2024, which tended to be neutral toward a weak La Niña, encouraged improved soil moisture and helped keep CPO production stable through 1H25.

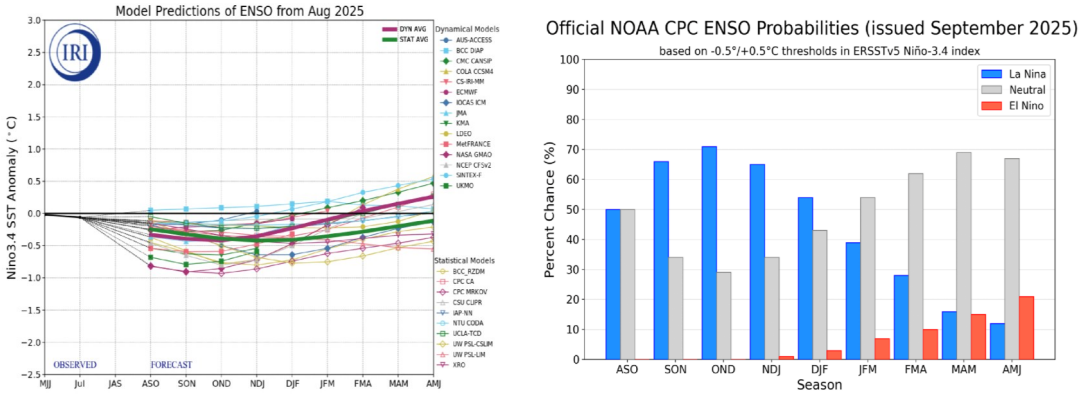
We view weather as a key variable that will shape the CPO production outlook in FY26. BMKG's projection indicates that the rainy season will begin gradually between September–November 2025, with peak rainfall occurring in November–December in western regions and January–February 2026 in southern and eastern regions. Meanwhile, NOAA forecasts a transition from neutral conditions to La Niña with a probability of around 71% in October–December 2025, which could extend the wet period across most palm oil plantation centers, especially in Sumatra and Kalimantan. Such conditions may suppress harvesting activity and slow down crop distribution, although still within manageable limits. Assuming rainfall remains moderate, we estimate that domestic CPO production will remain relatively stable throughout 2026, although weather volatility remains a key risk that could trigger supply disruptions and drive price increases.

Figure 9. ENSO Forecast (NOAA Projection)



Source : NOAA | Phintraco Sekuritas Research

Figure 9. ENSO Forecast *(continue)*



Source : NOAA | Phintraco Sekuritas Research

Indonesia's CPO exports remain dominated by Asian markets, with India, Tiongkok, and Pakistan being the largest absorbers of national export volume. These three countries consistently dominate Indonesia's CPO export market share, with India leading at 17.68% in FY24 (vs 5Y avg: 16.57%), followed by Tiongkok at 14.82% (vs 5Y avg: 16.66%) and Pakistan at 12.39% (vs 5Y avg: 10.04%). In total, Indonesia's CPO export volume in 2024 was recorded at only around 24 million tons, down ~15% YoY and below the historical average of 27–30 million tons, in line with declining domestic production due to weather conditions that constrained fresh fruit bunch supply availability.

Indonesia's CPO export direction is expected to become increasingly diversified following the signing of IEU–CEPA, which opens access to the European Union market. To date, exports have still relied on India and Tiongkok, which absorb around 33% of total national exports, while the European Union is the third-largest global CPO importer with demand of 6–7 million tons per year **(Figure 11).** This diversification opportunity is also supported by India's reduction of palm oil import tariffs to 10%, keeping Indonesia's CPO competitiveness solid in key markets while opening space for expansion outside Asia. However, penetration into the European Union must also comply with the Environmental Deforestation Regulation (EUDR), which requires land traceability verification and proof of being deforestation-free. In this context, producers with RSPO certification will be in a more advantageous position because of more assured export access, lower rejection risk, and the potential to obtain premium pricing in the European Union market.

Table 1. Indonesia's Major Export Destinations

Country	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
India	4,984	5,887	5,459	7,377	6,416	4,655	4,632	3,102	4,999	5,407	4,287
Tiongkok	2,761	4,230	3,209	3,642	4,216	5,983	4,484	4,860	4,279	5,441	3,594
Pakistan	1,828	2,326	2,109	2,194	2,460	2,217	2,491	2,680	2,811	2,514	3,006
Amerika Serikat	492	737	960	1,159	1,121	1,195	1,130	1,651	1,810	1,985	1,605
Bangladesh	1,050	1,143	934	1,240	1,410	1,360	1,035	1,327	1,330	1,369	1,030
Others	13,366	14,110	11,950	13,646	14,171	14,970	14,072	13,951	11,948	11,914	10,732
Total (`000 Ton)	**24,481**	**28,432**	**24,621**	**29,258**	**29,794**	**30,380**	**27,844**	**27,571**	**27,177**	**28,628**	**24,255**

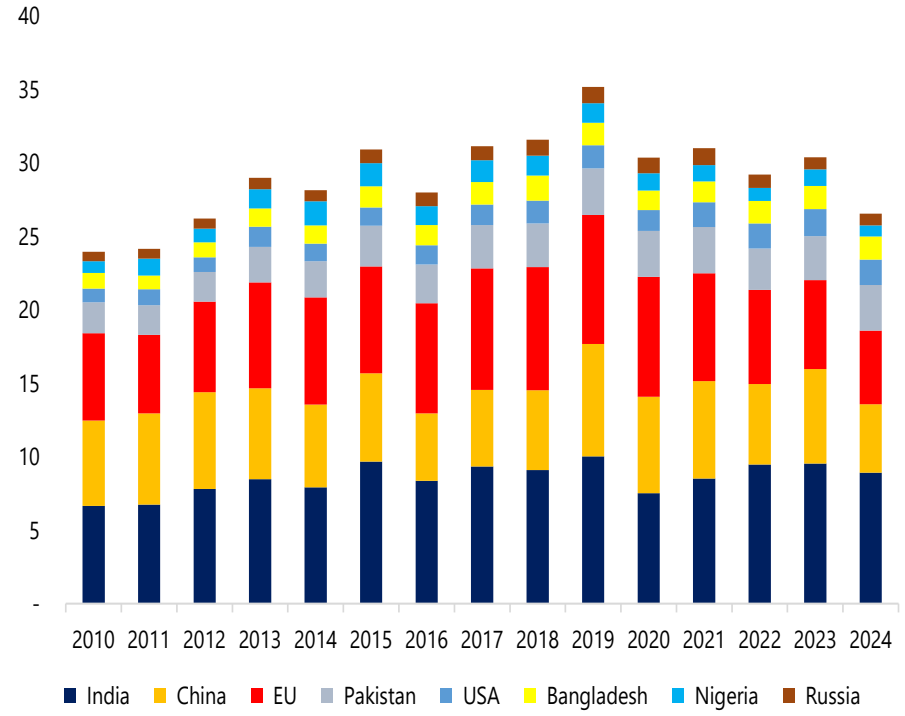
Source : BPS | Phintraco Sekuritas Research

Table 2. YoY Growth of Indonesia's Key Export Destinations

YoY Growth (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
India	-19.5%	18.1%	-7.3%	35.1%	-13.0%	-27.4%	-0.5%	-33.0%	61.2%	8.2%	-20.7%
Tiongkok	-2.2%	53.2%	-24.1%	13.5%	15.8%	41.9%	-25.1%	8.4%	-12.0%	27.2%	-33.9%
Pakistan	65.6%	27.3%	-9.4%	4.1%	12.1%	-9.9%	12.4%	7.6%	4.9%	-10.6%	19.6%
Amerika Serikat	5.0%	49.7%	30.3%	20.8%	-3.3%	6.6%	-5.4%	46.0%	9.6%	9.7%	-19.1%
Bangladesh	31.2%	8.8%	-18.3%	32.7%	13.7%	-3.5%	-23.9%	28.3%	0.2%	2.9%	-24.7%
Others	12.6%	5.6%	-15.3%	14.2%	3.9%	5.6%	-6.0%	-0.9%	-14.4%	-0.3%	-9.9%
YoY Growth (%)	**5.3%**	**16.1%**	**-13.4%**	**18.8%**	**1.8%**	**2.0%**	**-8.3%**	**-1.0%**	**-1.4%**	**5.3%**	**-15.3%**

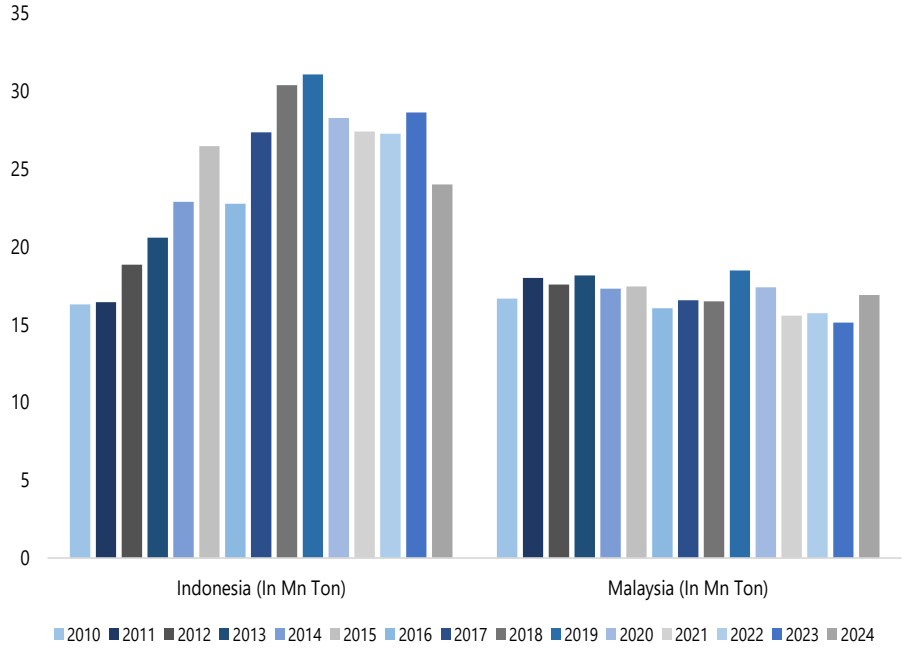
Source : BPS | Phintraco Sekuritas Research

Figure 11. Major Global CPO Importers (Trend 2010–2024)



Source : CPOPC | Phintraco Sekuritas Research

Figure 12. Indonesia vs Malaysia CPO Export Trend (2010–2024)

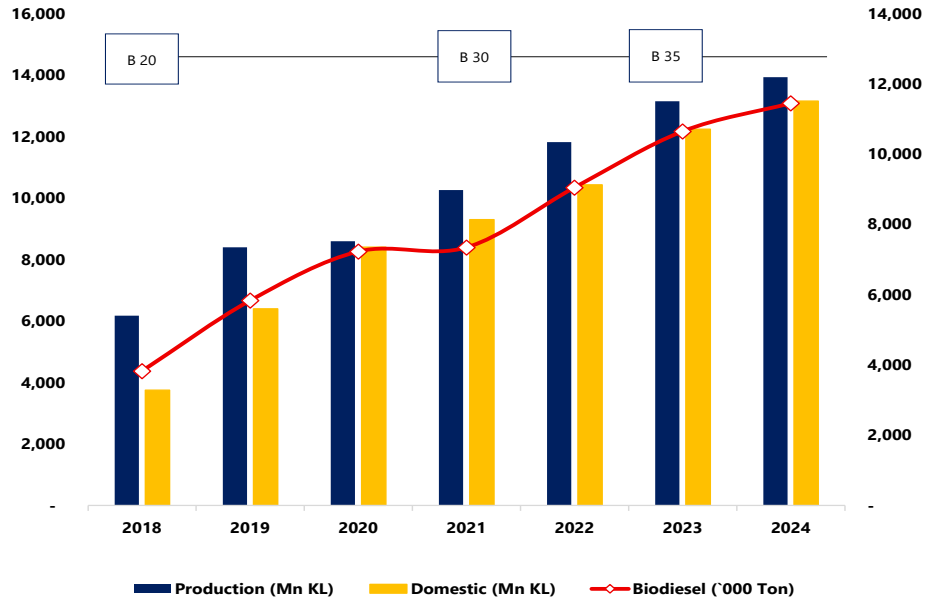


Source : CPOPC | Phintraco Sekuritas Research

Indonesia's CPO consumption is increasingly driven by the energy sector, with biodiesel being the main contributor to rising domestic absorption. In 2024, biodiesel accounted for around 24% of total national CPO consumption (vs 5Y avg: 17%), while the food sector (~21%) and oleochemicals (~5%) remained relatively stable. This shift in consumption structure aligns with the government's strategy to expand the use of CPO as an alternative fuel. The government is currently implementing B40 biodiesel, a mixture of diesel (60%) and Fatty Acid Methyl Ester (FAME) (40%). This policy drives FAME demand to 12–13 million kiloliters or equivalent to ±11–12 million tons of CPO, which ultimately has the potential to increase CPO consumption for biodiesel by 4–5% YoY.

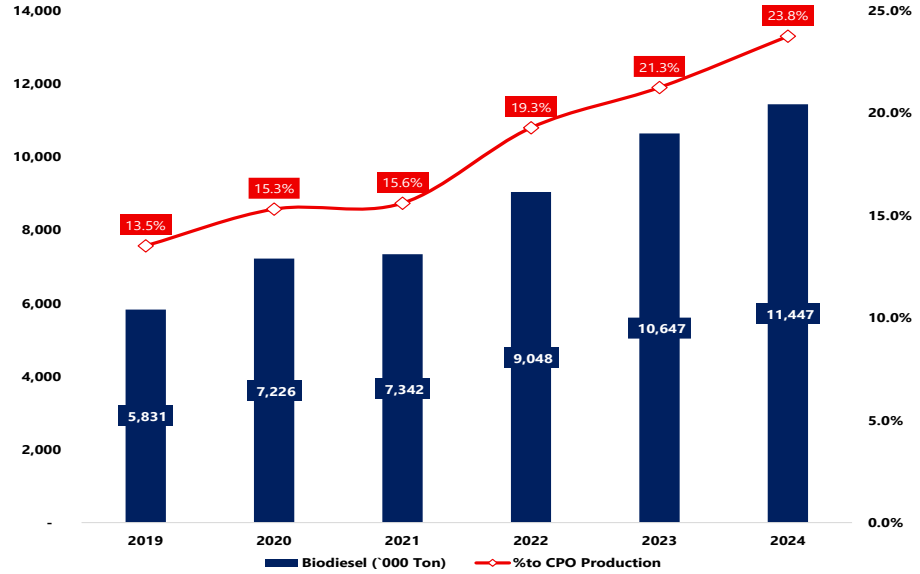
The direction of palm oil–based energy policy continues to progress, with B50 implementation being the next phase after B40. B50 consists of a blend of 50% FAME and 50% diesel and is targeted for FY26. The program is estimated to boost FAME demand to ~19 million kiloliters or equivalent to ±21–22 million tons of CPO per year, assuming a conversion rate in which 1 ton of CPO yields ~0.87 ton of FAME. However, the increase in CPO consumption for biodiesel may reduce supply availability for global exports and push CPO prices excessively higher, which could ultimately weaken Indonesia's competitiveness in global markets. Aggressive price increases also raise the risk of substitution by other vegetable oils such as soybean oil and sunflower oil, meaning a balance between energy targets and export sustainability must be maintained to ensure long-term market stability.

Figure 13. Biodiesel Program



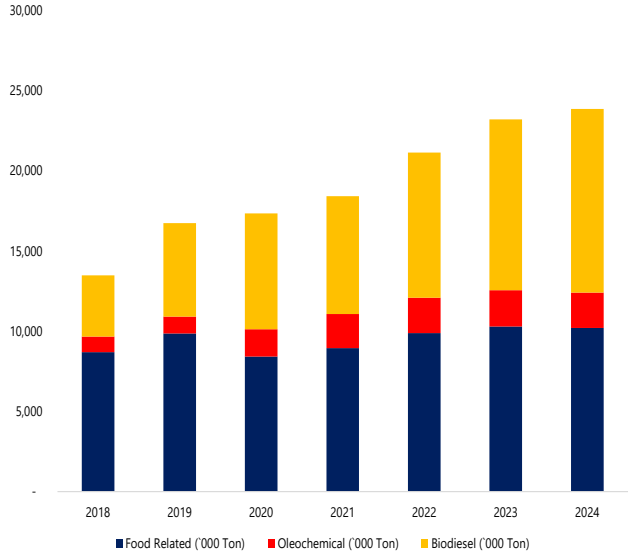
Source : APROBI | Phintraco Sekuritas Research

Figure 14. Biodiesel Consumption as of CPO Production



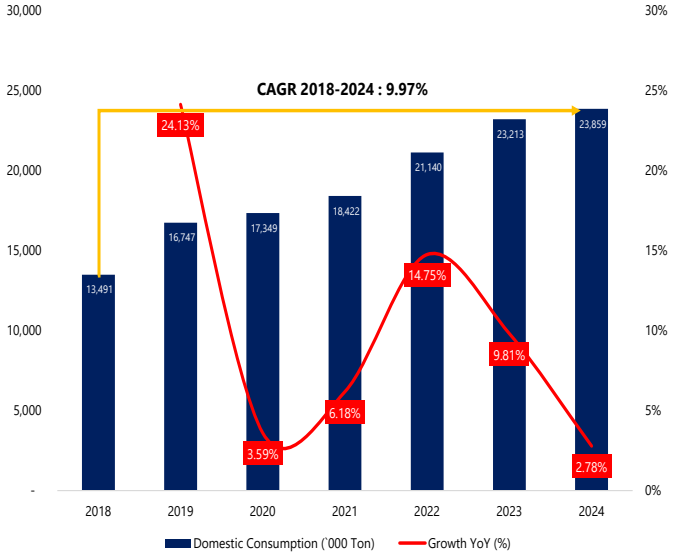
Source : GAPKI | Phintraco Sekuritas Research

Figure 15. Domestic CPO Consumption Breakdown



Source : GAPKI | Phintraco Sekuritas Research

Figure 16. Domestic Consumption Trend



Source : EBTKE Ministry | Bloomberg | Phintraco Sekuritas Research

We maintain an OVERWEIGHT rating for the plantations sector, with domestic demand growth from the biodiesel program as the main catalyst. The implementation of B50 in FY26F is expected to increase CPO consumption for biodiesel, thereby supporting CPO prices amid a supply that tends to remain limited. On the external side, expanded market access to the European Union and India's reduction of palm oil import tariffs to 10% also open room for export demand expansion in the medium term. With a combination of rising domestic biodiesel absorption and potential export market diversification, we expect CPO prices to remain at healthy levels through FY26F.

In terms of issuer selection, we see companies with efficient cash costs as the key differentiator amid ongoing fertilizer cost pressures. In addition, issuers with relatively young plantation profiles have the potential to record more stable production growth. Meanwhile, downstream exposure can provide additional support for issuers that have it, particularly in maintaining margin stability amid CPO price volatility.

Therefore, we place STAA (TP: 1,400) and TAPG (TP: 1,700) as our top picks for the plantations sector. Both have structural advantages from relatively young plantation profiles, providing visibility for more stable production growth over the next few years. STAA offers additional differentiation through downstream exposure, giving it stronger margin cushioning amid CPO price volatility and strengthening overall business integration. Meanwhile, TAPG remains attractive due to its healthy balance sheet structure and high dividend payout ratio (DPR).

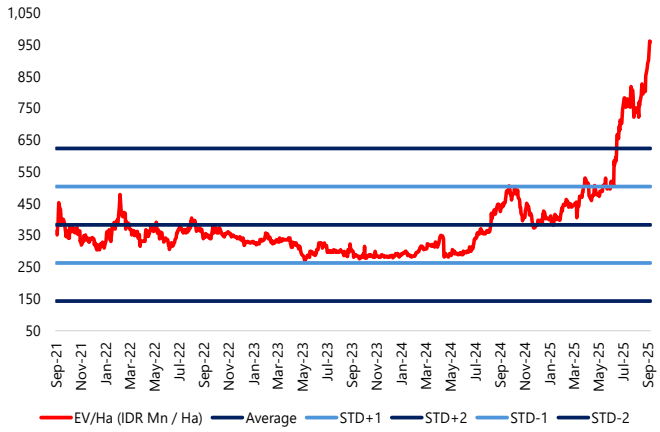
Downside risks in our view include: 1) volatility in CPO prices and other vegetable oils, which could disrupt short-term margin visibility; 2) changes in export policies or biodiesel regulations, which could affect supply allocation and price incentives; and 3) rising fertilizer costs due to geopolitical tensions and global supply chain disruptions.

Table 3. Peers Comparables

Company Name	Ticker	Market Cap (IDR Bn)	Enterprise Value (IDR Bn)	Planted Area (`000 Ha)	PE (x)	PBV (x)	EPS Growth (%)	Dividen Yield (%)	ROE (%)	EV/EBITDA TTM	EV/Ha (IDR Mn/Ha)
PT Triputra Agro Persada Tbk	TAPG.IJ	38,812	38,713	160	10.11	3.56	98.29	5.84	36.77	4.38	242
PT Dharma Satya Nusantara Tbk	DSNG.IJ	18,444	22,723	112	12.00	1.80	40.50	1.36	16.74	3.37	203
PT Astra Agro Lestari Tbk	AALI.IJ	15,349	12,774	288	11.38	0.67	8.68	3.85	5.97	2.40	44
PT Sawit Sumbermas Sarana Tbk	SSMS.IJ	16,002	22,113	116	14.30	5.64	140.65	2.80	45.68	7.16	191
PT Sumber Tani Agung Resources Tbk	STAA.IJ	15,428	16,473	42	10.43	2.85	87.46	3.83	30.72	3.79	394
PT Perusahaan Perkebunan London Sumatra Indonesia Tbk	LSIP.IJ	8,866	2,354	46	5.60	0.70	111.04	4.96	15.87	0.81	51
PT Teladan Prima Agro Tbk	TLDN.IJ	9,285	9,933	61	8.34	2.82	81.88	2.15	36.58	4.80	164
PT Sinar Mas Agro Resources and Technology Tbk	SMAR.IJ	14,217	31,074	137	8.42	0.69	41.02	0.61	8.33	7.03	227
PT Salim Ivomas Pratama Tbk	SIMP.IJ	9,301	15,830	241	5.27	0.49	143.85	3.31	12.56	2.48	66
PT Sampoerna Agro Tbk	SGRO.IJ	8,566	11,183	49	7.65	1.51	54.96	6.98	20.75	3.07	228
PT Austindo Nusantara Jaya Tbk	ANJT.IJ	7,949	10,111	128	16.49	1.16	133.65	-	7.62	6.04	79
PT Eagle High Plantations Tbk	BWPT.IJ	4,508	8,587	87	14.15	1.70	(24.43)	-	12.79	3.70	99
Weighted Average					**10.40**	**2.35**	**80.27**	**3.47**	**24.25**	**4.24**	**190.71**

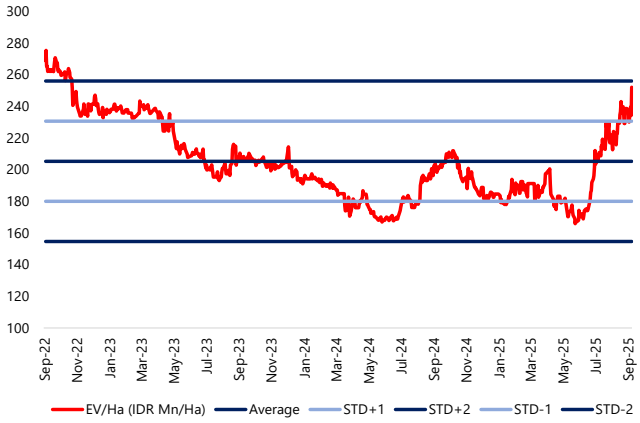
Source : Bloomberg | Phintraco Sekuritas Research

Figure 17. EV/Ha Forward 12-M TAPG



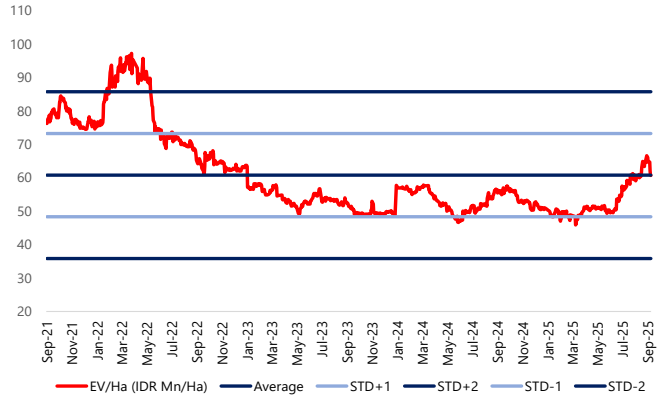
Source : Bloomberh | Phintraco Sekuritas Research

Figure 18. EV/Ha Forward 12-M STAA



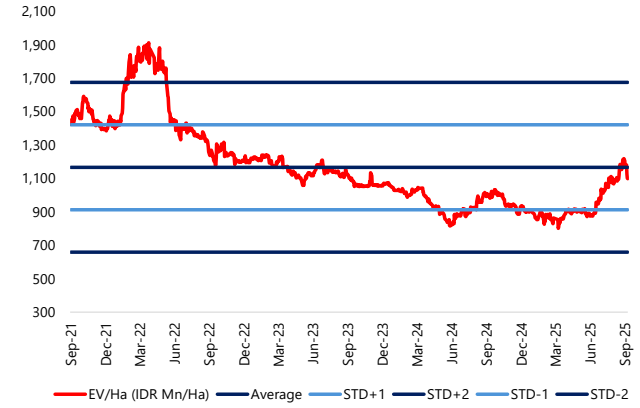
Source : Linknet | Mapchart | Phintraco Sekuritas Research

Figure 19. EV/Ha Forward 12-M AALI



Source : Linknet | Mapchart | Phintraco Sekuritas Research

Figure 20. EV/Ha Forward 12-M SSMS



Source : Linknet | Mapchart | Phintraco Sekuritas Research

Glossarium

CFFO	: *Cash Flow from Operating*
CFFI	: *Cash Flow from Investing*
CFFF	: *Cash Flow from Financing*
EBITDA	: *Earning Before Interest, Tax, Depreciation & Amortization*
EBIT	: *Earning Before Interes & Tax*
EBT	: *Earning Before Tax*
OPM	: *Operating Profit Margin*
NPM	: *Net Profit Margin*
ROA	: *Return on Asset*
ROE	: *Return on Equity*
EPS	: *Earning per Share*
BVPS	: *Book Value per Share*
RPS	: *Revenue per Share*
PER	: *Price to Earning Ratio*
PBV	: *Price to Book Value*
DPS	: *Dividend per Share*
DPR	: *Dividend Payout Ratio*
EV	: *Enterprise Value*

PHINTRACO SEKURITAS

Rating for Stocks :

Buy : The stock is expected to give return of more than 10% over the next 12 months.

Hold : The stock is expected to give return of between -10% and 10% over the next 12 months.

Sell : The stock is expected to give total return of < -10% over the next 12 months.

Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"

Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

PHINTRACO SEKURITAS

Kantor Cabang & Mitra GI BEI

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