

Plantation

Tight Supply, B40 Mandate To Boost CPO Prices; O/W

- **Maintain OVERWEIGHT; Top Picks: Johor Plantations Group, Sarawak Oil Palms, Bumitama Agri, London Sumatra Indonesia and SD Guthrie.** With the recent moderation in CPO prices, the premium between CPO and other vegetable oils is not as significant, while the palm oil gasoil (POGO) spread has also reduced – there is now sufficient funds to subsidise Indonesia’s B40 mandate in 2025, even without an increase in export levy. Malaysia’s PO stocks remain tight, closing the year at 1.7m tonnes in 2024 (-25% YoY). We may see a further decrease in stocks in the coming months.
- **CPO spot prices have moderated from >MYR5,000/tonne last month to MYR4,700–4,800/tonne currently,** likely due to the expectation of weaker exports in December due to the uncompetitive prices of CPO vis-a-vis other vegetable oils. CPO was trading at USD156/tonne premium to soybean oil (vs USD114/tonne in Nov 2024) and USD26/tonne premium to sunflower oil in Dec 2024 (vs USD49/tonne discount in Nov 2024), thus resulting in a 10% MoM reduction in Malaysian PO exports in Dec 2024.
- **Lower POGO spread = sufficient funds to subsidise Indonesia’s B40 mandate.** We believe the Government will do what it takes to ensure the B40 mandate is implemented and revising the levy upwards is the easiest option. With the recent moderation of CPO prices, the POGO spread has also narrowed over the last few weeks and is at USD39/bbl now (USD286/tonne), from USD65/bbl (USD322/tonne) in the beginning of Dec 2024. As such, based on the current POGO spread, the biodiesel fund will be sufficient to subsidise the B40 mandate even at the current 7.5% levy rate. Should the levy be raised to 10%, at the current POGO spread, there will even be a surplus of USD1.2bn in the biodiesel fund.
- **Inventory levels ended sharply lower in Dec 2024, at 1.71m tonnes (-25% YoY),** on higher exports (+11.6% YoY) slightly offset by higher output (+4.2% YoY). End-2024 stock/usage ratio is at 8.5%, which is well below the 15-year historical average of 10%. We continue to expect stock levels to remain below 2m tonnes for the next few months on the back of the low output season and higher demand coming from the upcoming festivities.
- **Higher prices could persist in 2025.** We make no changes to our CPO price assumptions of MYR4,300/tonne in 2025 and MYR4,100/tonne in 2026. We continue to expect prices to stay higher in 1H25, trading at MYR4,400-4,800/tonne before moderating in 2H25 to MYR4,000-4,400/tonne during the seasonal peak. We believe the culmination of the low output and stock levels in Indonesia in 2024 (YTD-Oct 2024: -7.7% YoY), increasing biodiesel mandates in Indonesia in 2025, and tightening supplies of sunseed and rapeseed & canola in 2025, will lead to a more apparent deficit in global oils and fats in 2025. This will in turn lead to stronger prices for vegetable oil in 2025, with stock/usage ratio for the 17 oils & fats falling to a 15-year low of 12.6% in 2025 (vs the historical average of 13.6%).
- **We maintain our OVERWEIGHT call,** as we believe higher and stickier prices in 2025 should lead to a sector rerating.

Company Name	Rating	Target	% Upside (Downside)	P/E (x) Dec-25F	P/B (x) Dec-25F	ROAE (%) Dec-25F	Yield (%) Dec-25F
Astra Agro Lestari	Neutral	IDR6,940	16.2	9.1	0.5	5.1	4.2
Bumitama Agri	Buy	SGD0.95	11.9	7.9	1.1	14.9	6.5
FGV Holdings	Neutral	MYR1.27	15.1	10.8	0.6	5.9	3.9
First Resources	Neutral	SGD1.65	18.0	7.8	1.1	14.1	6.4
Golden Agri	Neutral	SGD0.29	20.8	7.2	0.4	19.9	2.8
IOI Corp	Buy	MYR4.90	27.2	17.0	1.9	11.3	2.7
Johor Plantations Group	Buy	MYR1.55	34.8	10.8	1.0	9.3	4.8
Kuala Lumpur Kepong	Buy	MYR24.80	16.1	21.1	2.6	7.9	2.2
PP London Sumatra Indonesia	Buy	IDR1,540	61.3	5.3	0.5	8.9	6.6
Sarawak Oil Palms	Buy	MYR4.15	39.2	6.8	0.6	9.8	4.0
SD Guthrie	Buy	MYR5.55	12.1	21.7	1.9	8.7	2.6
Ta Ann	Neutral	MYR4.50	8.4	7.9	1.0	12.3	8.7
TSH Resources	Neutral	MYR1.10	(7.8)	13.2	0.7	5.7	1.7
Wilmar International	Neutral	SGD3.10	2.0	9.8	0.7	6.6	5.6

Source: Company data, RHB

Overweight (Maintained)

Stocks Covered 14
 Rating (Buy/Neutral/Sell): 7 / 7 / 0
 Last 12m Earnings Revision Trend: Negative

Top Picks

Company	Target Price
SD Guthrie (SDG MK) – BUY	MYR5.55
Johor Plantations Group (JPG MK) – BUY	MYR1.55
Sarawak Oil Palms (SOP MK) – BUY	MYR4.15
Bumitama Agri (BAL SP) – BUY	SGD0.95
London Sumatra Indonesia (LSIP IJ) – BUY	IDR1,540

Analysts

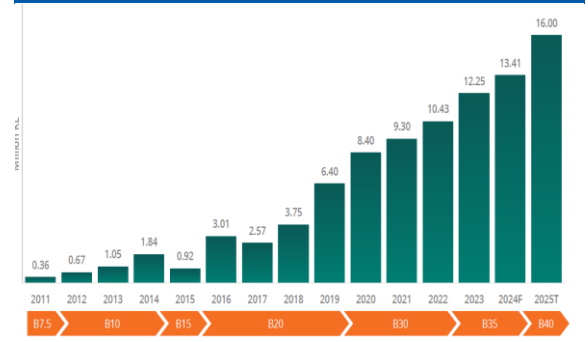
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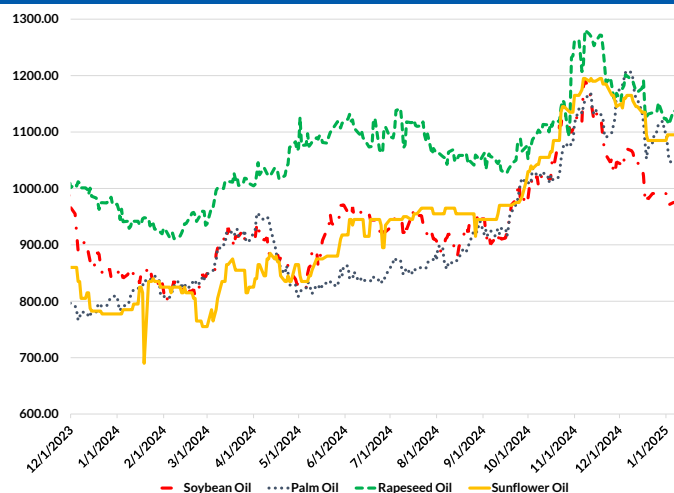
Indonesia’s biodiesel mandate (m kL)



Source: Ministry of Energy and Mineral Resources

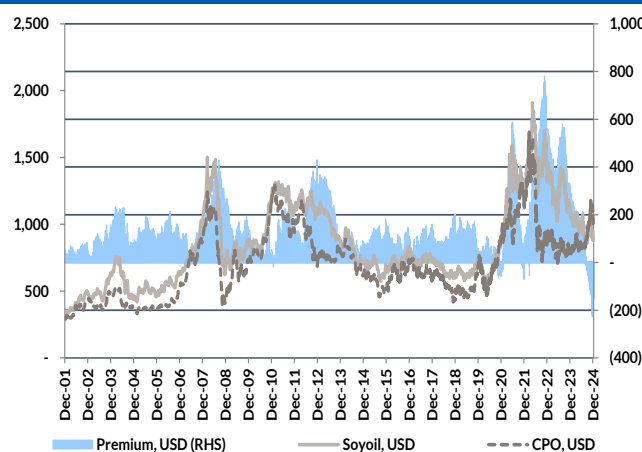
CPO spot prices have moderated from above MYR5,000 per tonne one month ago to MYR4,700-4,800 per tonne currently, likely due to the expectation of weaker exports in December due to the uncompetitive prices of CPO vis-a-vis other vegetable oils. CPO was trading at USD156 per tonne premium to soybean oil (vs USD114 per tonne in Nov 2024) and USD26 per tonne premium to sunflower oil in Dec 2024 (vs USD49 per tonne discount in Nov 2024), thus resulting in a 10% MoM reduction in Malaysian PO exports in Dec 2024.

Figure 1: CPO is now trading at USD53/tonne discount to sunflower oil (from USD26/tonne premium last month)



Note: Prices here refer to the FOB spot price
Source: Bloomberg

Figure 2: CPO is currently trading at a USD73/tonne premium to soybean oil (from USD156/tonne premium last month)

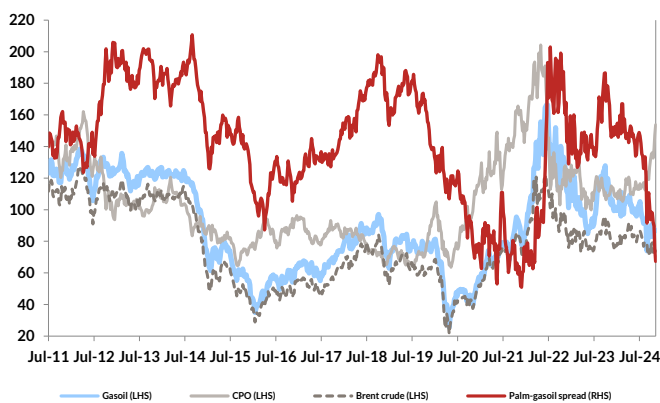


Source: Bloomberg

As a result of the moderation in CPO prices, the price premiums between CPO and other oils have narrowed, with CPO now trading at a smaller USD73 per tonne premium to soybean oil and back to trading at a USD53 per tonne discount to sunflower oil. As such, we expect demand to improve in the coming months, especially in light of the upcoming festive season in Jan-Mar 2025.

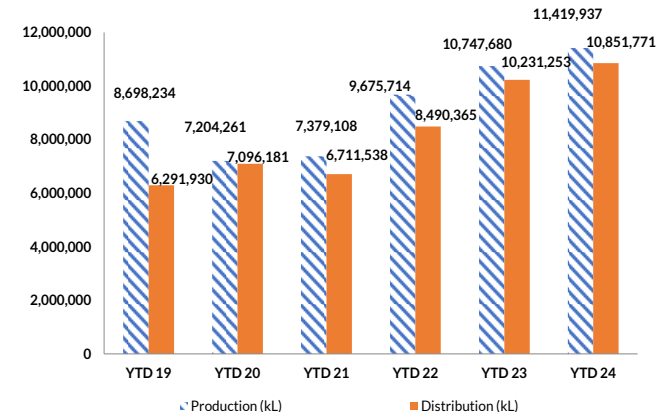
Indonesia to raise export levy again? In mid-Dec 2024, Indonesia’s Coordinating Economic Minister said that [Indonesia will increase its export levy for CPO to 10%](#) from the current 7.5% to finance the higher biodiesel subsidies required for the B40 mandate. The higher levy will be implemented once the relevant finance ministry regulation has been issued. While this regulation is still not official yet, there have been protests from smallholder associations as well as the Indonesian Palm Oil Association (GAPKI), complaining that raising the levy again will cause Indonesian PO products to be less competitive globally, while reducing PO exports from the country.

Figure 3: Gasoil and CPO price gap has reduced – at -USD39/bbl now vs USD65/bbl last month



Source: Bloomberg

Figure 4 Biodiesel production (+6% YoY) and distribution in Indonesia (+6% YoY) in YTD-October



Source: Indonesia Biofuel Producer Association

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Indonesian Government firm on B40 mandate. Nevertheless, we believe the Government will do what it takes to ensure the B40 mandate is implemented, and revising the levy upwards is the easiest option. With the recent moderation of CPO prices, the POGO spread has also narrowed over the last few weeks and is now at USD39 per bbl (USD286 per tonne), from USD65 per bbl (USD322 per tonne) in the beginning of Dec 2024. As such, based on the current POGO spread, the biodiesel fund will be sufficient to subsidise the B40 mandate even at the current 7.5% levy rate (Figure 5). Should the levy be raised to 10%, at current POGO spread, there will even be a surplus of c.USD1.2bn in the biodiesel fund (Figure 6).

Besides raising the levy, in our report [dated 19 Dec](#), we highlighted that the Indonesian Government has a few other options to address the funding shortage, including: i) Reducing the amount paid to the biodiesel companies to produce biodiesel; ii) letting the biodiesel price float; iii) implementing B40 in phases; and iv) a combination of all the above options.

Figure 5: Sensitivity of POGO spread vs biodiesel fund requirement for B40 – based on the current 7.5% levy rate

POGO spread @ different levels (USD/tonne)	50	100	150	200	250	300	350	400	450	500
B40 mandate requirements (USDm)	700	1400	2100	2800	3500	4200	4900	5600	6300	7000
CPO exports (m tonnes)	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2
Export levy (USD/tonne) (7.5% of CPO price) based on reference price of USD1059/tonne	79.5	79.5	79.5	79.5	79.5	79.5	79.5	79.5	79.5	79.5
Biodiesel fund collected (USDm)	2162	2162	2162	2162	2162	2162	2162	2162	2162	2162
Estimated biodiesel fund c/f (USDm)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total biodiesel fund available (USDm)	4662	4662	4662	4662	4662	4662	4662	4662	4662	4662
Surplus/(shortage) (USDm)	3962	3262	2562	1862	1162	462	(238)	(938)	(1,638)	(2,337)

Source: RHB

Figure 6: Sensitivity of POGO spread vs biodiesel fund requirement for B40 – assuming a 10% export levy

POGO spread @ different levels (USD/tonne)	50	100	150	200	250	300	350	400	450	500
B40 mandate requirements (USDm)	700	1400	2100	2800	3500	4200	4900	5600	6300	7000
CPO exports (m tonnes)	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2
Export levy (USD/tonne) (10% of CPO price) based on reference price of USD1059/tonne	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0
Biodiesel fund collected (USDm)	2,882	2,882	2,882	2,882	2,882	2,882	2,882	2,882	2,882	2,882
Estimated biodiesel fund c/f (USDm)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total biodiesel fund available (USDm)	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382
Surplus/(shortage) (USDm)	4,682	3,982	3,282	2,582	1,882	1,182	482	(218)	(918)	(1,617)

Source: RHB

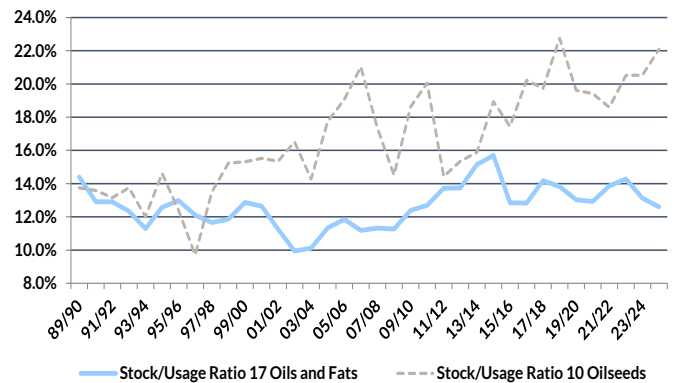
Impact of higher levy is two-fold. Assuming the Government does go ahead with the higher 10% levy, we believe the impact will be two-fold. On the one hand, planters' earnings will be impacted negatively as effective ASP's will be reduced. However, on the other hand, with more conviction as to the B40 implementation in the market, global CPO prices would remain supported at higher levels, thus offsetting somewhat the impact of higher taxes on earnings.

Higher prices could persist in 2025. We make no changes to our CPO price assumptions of MYR4,300 per tonne in 2025 and MYR4,100 per tonne in 2026. We continue to expect prices to stay higher in 1H25, trading at MYR4,400-4,800 per tonne before moderating in 2H25 to MYR4,000-4,400 per tonne during the seasonal peak. We believe the culmination of the low output and stock levels in Indonesia in 2024 (YTD-Oct 2024: -7.7% YoY), increasing biodiesel mandates in Indonesia in 2025, and tightening supplies of sunseed and rapeseed & canola in 2025, will lead to a more apparent deficit in global oils and fats in 2025. This will in turn lead to stronger prices for vegetable oil in 2025, with stock/usage ratio for the 17 oils & fats falling to a 15-year low of 12.6% in 2025 (vs the historical average of 13.6%).

Figure 7: 17 Oils & fats supply and demand

17 OILS & FATS : World Supply & Demand (Mn T)					
	Forecast	October/September			
	24/25F	23/24	22/23	21/22	20/21
Op'g stocks	34.25*	35.93	33.57	31.25	31.47
Production	263.46*	259.85	254.04	245.01	241.35
Imports	97.70*	97.43	99.35	89.82	95.88
Exports	97.93*	97.89	99.53	90.49	95.69
Consumption	264.20*	261.07	251.50	242.03	241.76
End'g stocks	33.29*	34.25	35.93	33.57	31.25
Stocks/usage	12.6%	13.1%	14.3%	13.9%	12.9%

Figure 8: 17 Oils & fats stock/usage ratio expected to fall to 12.6% in 2025F vs the historical average of 13.6%



Source: Oil World

Source: Oil World

Monthly statistics

Figure 9: Monthly CPO statistics

('000 tonnes)	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Opening stocks	2,403	2,291	2,020	1,920	1,713	1,745	1,753	1,831	1,754	1,883	2,012	1,885	1,836
Imports	40	29	33	22	35	21	12	10	10	5	16	22	38
Production	1,551	1,402	1,260	1,392	1,502	1,704	1,615	1,841	1,894	1,822	1,797	1,621	1,487
Total supply	3,993	3,722	3,312	3,334	3,249	3,470	3,380	3,683	3,658	3,711	3,825	3,529	3,360
Exports	1,362	1,350	1,025	1,327	1,235	1,382	1,207	1,690	1,529	1,560	1,744	1,490	1,342
Domestic use	341	353	368	295	270	334	342	239	246	139	196	203	310
Total off take	1,703	1,702	1,392	1,622	1,505	1,717	1,549	1,928	1,775	1,699	1,940	1,693	1,652
End-month stocks	2,291	2,020	1,920	1,713	1,745	1,753	1,831	1,754	1,883	2,012	1,885	1,836	1,709
Production YTD	18,554	1,402	2,662	4,054	5,556	7,261	8,876	10,717	12,611	14,433	16,230	17,851	19,338
MoM (%)	(13.3)	(9.6)	(10.2)	10.6	7.9	13.5	(5.2)	14.0	2.9	(3.8)	(1.3)	(9.8)	(8.3)
YoY (%)	(4.2)	1.6	0.5	8.1	25.5	12.3	11.6	14.3	8.0	(0.4)	(7.2)	(9.4)	(4.1)
YTD (%)	0.5	1.6	1.0	3.4	8.5	9.4	9.8	10.5	10.2	8.7	6.7	5.0	4.2
Exports YTD	15,128	1,350	2,374	3,701	4,935	6,318	7,525	9,215	10,743	12,303	14,048	15,538	16,880
MoM (%)	(3.2)	(0.9)	(24.1)	29.5	(6.9)	12.0	(12.7)	39.9	(9.5)	2.0	11.8	(14.6)	(10.0)
YoY (%)	(7.6)	18.7	(9.2)	(10.8)	13.5	28.1	3.0	24.8	25.1	28.8	17.8	6.0	(1.5)
YTD (%)	(3.9)	18.7	4.8	(1.4)	2.0	6.7	6.1	9.1	11.1	13.1	13.7	12.9	11.6
Stocks													
MoM (%)	(4.7)	(11.8)	(5.0)	(10.8)	1.9	0.5	4.5	(4.2)	7.3	6.8	(6.3)	(2.6)	(6.9)
YoY (%)	4.3	(10.9)	(9.4)	2.3	16.5	3.9	6.5	1.2	(10.8)	(13.1)	(23.0)	(23.6)	(25.4)

Source: Malaysian Palm Oil Board (MPOB), RHB

December production dropped 8.3% MoM (-4.1% YoY), resulting in 2024 output growth ending at +4.2% YoY. The MoM output decrease was driven by West Malaysia and Sabah, with both regions dropping 10%, while Sarawak was flattish at -0.8%. Meanwhile, the YoY decline mainly came from West Malaysia and Sabah (-5.6% and -4.4%), whereas Sarawak was relatively stable at -0.3%. In Indonesia, YTD-Oct 2024 output remained at a declining trend of -4.4% YoY (from -4.6% in YTD-Sep 2024), albeit a slight improvement. We expect output in Malaysia to continue moderating in the next few months due to the low output season, while for Indonesia, 4Q24 may see a higher QoQ output, with the low output season starting in earnest in 1Q25.

Malaysian exports declined 10% from last month (-1.5% YoY), bringing 2024 exports to +11.6% YoY. This was likely attributable to uncompetitive CPO prices despite the year-end festive season. With the moderation of CPO prices over the last few weeks, CPO's premium to other vegetable oils has reduced, and as such, we expect demand to gradually return in the coming months, given the upcoming Lunar New Year and *Aidil Fitri* festivities.

Inventory restocking has started. As expected, with the low inventory levels at importing countries at end-Nov 2024, we saw restocking activities for palm oil starting in December. Given the weaker MoM PO exports out of Malaysia in December, we believe the buying activities was likely focused on Indonesian PO. This is evident from the improving PO stock levels in importing countries at end-Dec 2024 – China's stock levels rose to 23% below historical averages (vs -30% at end-Nov 2024 and end-Oct 2024); India's increased to 7% below historical levels (vs -23% and -36% at end-Nov 2024 and end-Oct 2024); and Pakistan's rose to 32% below historical levels (vs -45% and -57% at end-Nov 2024 and end-Oct 2024). We expect the restocking activities to continue in the coming months, on the back of upcoming festivities.

Inventory levels remained below 2m tonnes, at 1.71m tonnes in Dec 2024 (-10% MoM from 1.84 tonnes in Nov 2024). This was mainly due the decline in production numbers, partially offset by the decrease in exports. With this, the 2024 annualised stock/usage ratio has dropped to 8.5%, its first time below 9% since Jul 2024. This is well below the 15-year historical average of 10%. Going forward, as we are in for a low output season and given the forthcoming festive demand, we believe inventory levels are likely to remain below the 2m-tonne mark for the next few months.

Figure 10: CPO inventory is at 1.71m tonnes in December (-25.4% YoY from 2.29m tonnes)

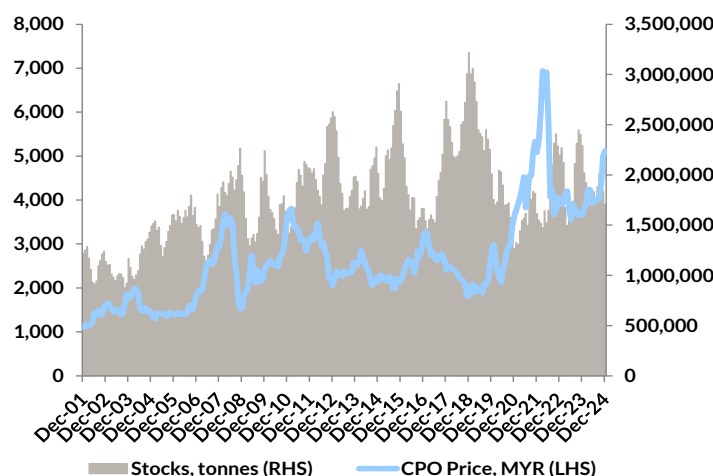
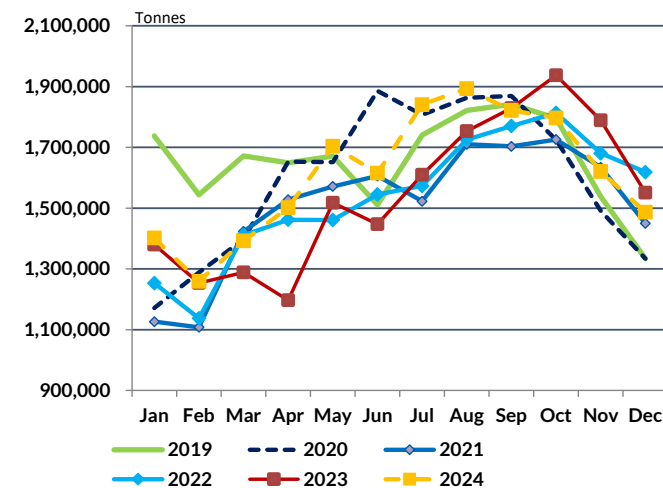


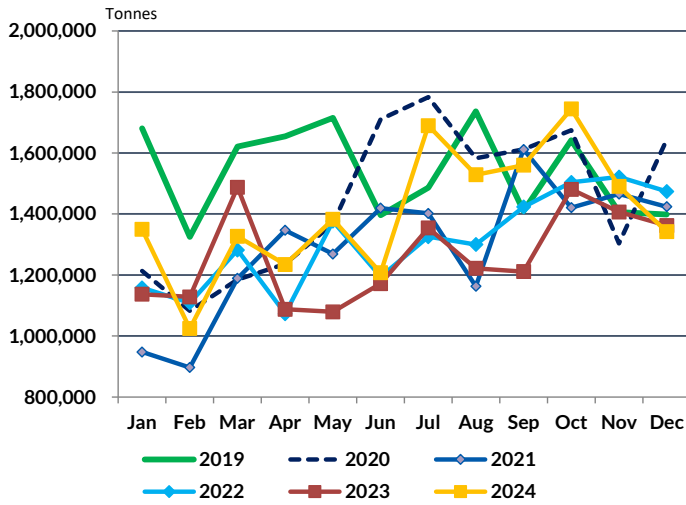
Figure 11: Malaysia's CPO production (+4.2% YoY in 2024)



Source: MPOB, Bloomberg

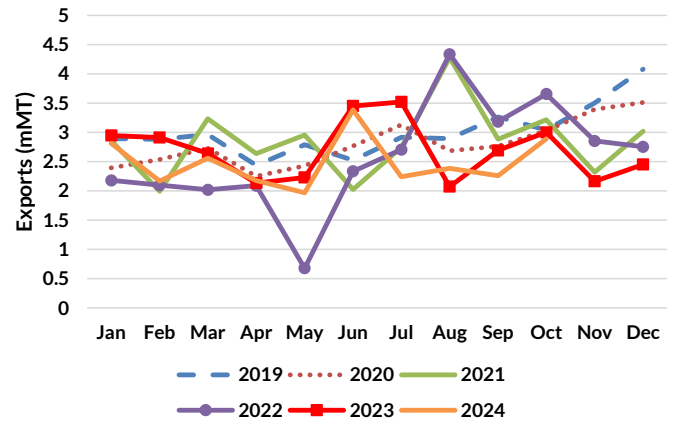
Source: MPOB, RHB

Figure 12: Malaysia's monthly palm oil exports (+11.6% YoY in 2024)



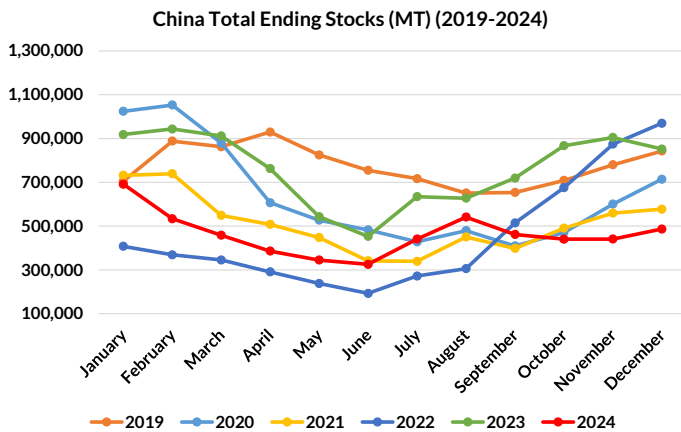
Source: MPOB

Figure 13: Indonesia monthly exports YTD-Oct 2024 at -10% YoY



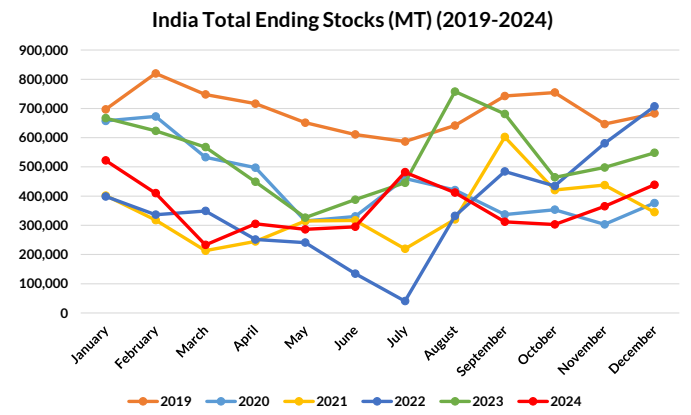
Source: Indonesian Palm Oil Association (GAPKI)

Figure 14: China's palm oil stocks are 23% below the historical average as at end-2024 (vs -30% last month)



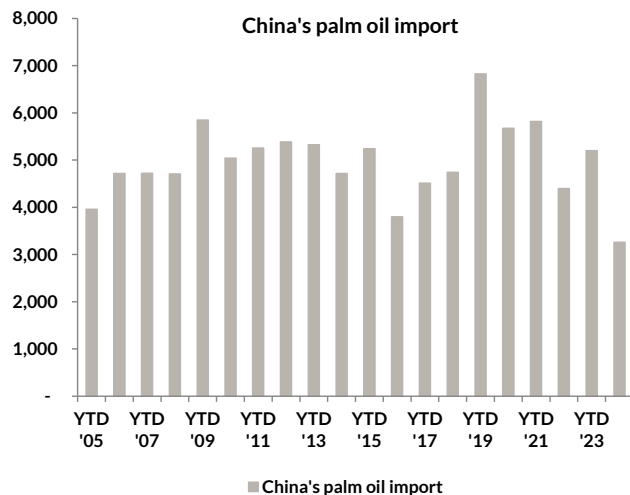
Source: Malaysian Palm Oil Council (MPOC)

Figure 15: India's palm oil stocks are -7% below the historical average as at end-2024 (vs -23% last month)



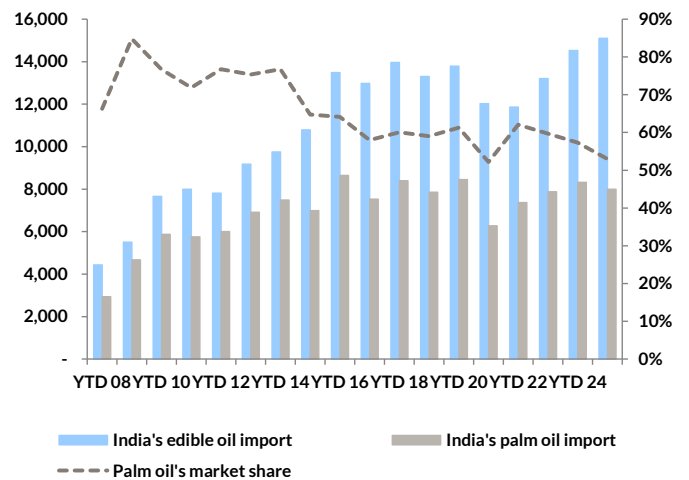
Source: MPOC

Figure 16: China's PO imports declined by 37% in YTD-Nov 2024 (vs -42% YoY last month)



Source: Bloomberg

Figure 17: India's edible oil imports increased by 3.9% in YTD-Nov 2024, while PO imports decreased by 4%



Source: Bloomberg

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Risks

The main downside risks to our outlook include:

- i. The Russia-Ukraine war being prolonged and exacerbated;
- ii. Significant changes in the crude oil price trend, which may result in changes in biodiesel mandates;
- iii. Weather abnormalities resulting in an oversupply or undersupply of vegetable oils;
- iv. Significant changes in the demand for vegetable oils, caused by changes in economic cycles or price dynamics;
- v. Worsening labour situation in Malaysia causing production to be affected negatively;
- vi. Revision in Indonesia's tax structure and trade policies;
- vii. More ESG issues pinpointed for listed companies.

Figure 18: New effective CPO prices in Indonesia (applicable from 21 Sep 2024)

CPO price at MYR/tonne	4,500	4,400	4,300	4,200	4,100	4,000	3,900	3,800	3,700	3,600	3,500	3,400	3,300	3,200	3,100	3,000
CPO Price (USD)	1,096	1,072	1,048	1,023	999	974	950	926	901	877	853	828	804	780	755	731
Levy Rate (USD) (7.5% of CPO price)	82	80	79	77	75	73	71	69	68	66	64	62	60	58	57	55
Levy Rate (MYR)	338	330	323	315	308	300	293	285	278	270	263	255	248	240	233	225
Export Tax (USD)	201	178	178	148	148	124	124	74	74	52	52	33	33	18	18	18
Export Tax (MYR)	825	731	731	608	608	509	509	304	304	213	213	135	135	74	74	74
Effective Indo Price	3,337	3,339	3,247	3,277	3,185	3,191	3,098	3,211	3,119	3,117	3,024	3,010	2,917	2,886	2,794	2,701

Note: *Exchange rate conversion applied = MYR4.105/USD

Source: RHB

Figure 19: New effective CPO prices in Malaysia (Applicable from 1 Nov 2024 and 1 Jan 2025)

CPO price at MYR/tonne	4,500	4,400	4,300	4,200	4,100	4,000	3,900	3,800	3,700	3,600	3,500	3,400	3,300	3,200	3,100	3,000
West Malaysia – Windfall tax (15% above MYR3,150/tonne)	203	188	173	158	143	128	113	98	83	68	53	38	23	8	-	-
East Malaysia – Windfall tax (15% above MYR3,650/tonne)	128	113	98	83	68	53	38	23	8	-	-	-	-	-	-	-
Export tax (%)	10.0	10.0	10.0	10.0	10.0	9.5	9.0	9.0	8.5	8.0	8.0	7.5	7.5	7.0	6.5	6.0
Export tax (MYR/tonne)	450	440	430	420	410	380	351	342	315	288	280	255	248	224	202	180.00
Effective West Malaysia price (MYR/tonne)	3,848	3,773	3,698	3,623	3,548	3,493	3,437	3,361	3,303	3,245	3,168	3,108	3,030	2,969	2,899	2,820
Effective East Malaysia price (MYR/tonne)	3,923	3,848	3,773	3,698	3,623	3,568	3,512	3,436	3,378	3,312	3,220	3,145	3,053	2,976	2,899	2,820
NEW minus OLD Effective East Malaysia price (MYR/tonne)	(68)	(66)	(64)	(62)	(60)	(38)	(17)	(16)	4	23	23	23	6	23	15	-
NEW minus OLD Effective East Malaysia price (MYR/tonne)	(68)	(66)	(64)	(62)	(60)	(38)	(17)	(16)	4	15	-	-	-	-	-	-

Source: RHB

Figure 20: Sensitivity of company earnings to changes in CPO prices

	Net profit change for every MYR100/tonne change
Kuala Lumpur Kepong (KLK) (MYR)	6-8%
IOI Corp (IOI) (MYR)	4-6%
SD Guthrie (SDG) (MYR)	7-9%
FGV (MYR)	12-15%
Sarawak Oil Palms (SOP) (MYR)	10-12%
Ta Ann (TAH) (MYR)	12-15%
Johor Plantations Group (JPG) (MYR)	6-7%
TSH Resources (TSH) (MYR)	7-8%
Golden Agri (GGR) (SGD)	8-10%
First Resources (FR) (SGD)	6-8%
Bumitama Agri (BAL) (SGD)	7-9%
Astra Agro Lestari (AALI) (IDR)	9-11%
London Sumatra (LSIP) (IDR)	11-12%

Source: RHB

Figure 21: Labour shortage among Malaysian planters

	Shortage (end-Sep 2024)	Comments
SDG	Fully staffed	
IOI	Fully staffed	
KLK	Fully staffed	
SOP	4-8%	Management has been focusing on training existing workers and note that it is no longer a concern
TAH	Fully staffed	Helped by contract workers
FGV	5%	Sabah: 12% shortage, Sarawak: 45% shortage. FGV intends to reduce the shortages in Sabah by 1Q25, although its situation in Sarawak remains challenging

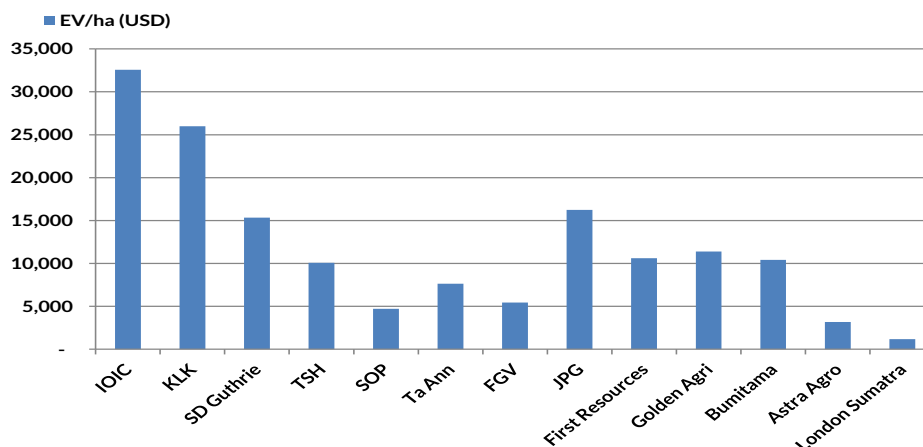
Source: RHB

Figure 22: Regional companies' forward sales positions

Company	Forward sales for 2024 (as at end-Sep 2024)
KLK	10% of Malaysian production three months ahead
IOI	20-50% of production, sold on an average of three months forward
SDG	It has sold c.10% of its FY25 Malaysian output at MYR4,240/tonne
SOP	None
FGV	Around 50% of its West Malaysia 4Q24 output sold forward at above MYR4,000/tonne
TAH	None
FR	No quantum given, but continues to hedge 2-4 weeks ahead
BAL	None
GGR	1-2 months of production, 3-6 months forward
LSIP	Minimal to none
AALI	Minimal

Source: Company data, RHB

Figure 23: Peer comparison based on EV/ha



Source: RHB

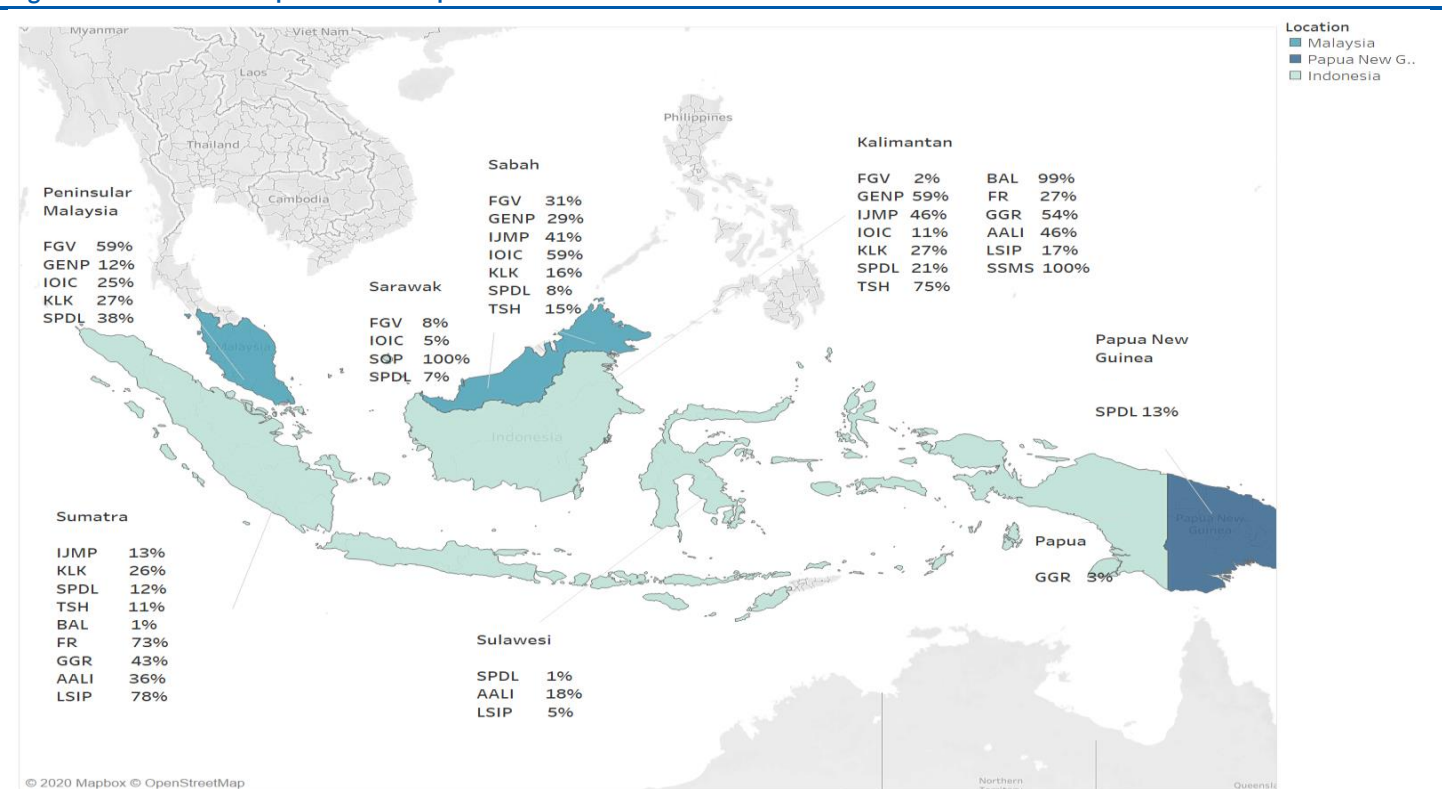
Figure 24: Regional peer comparison

	BBG ticker	Market cap (USDm)	Rating	Price (local ccy)	TP (local ccy)	Core P/E FY24F	Core P/E FY25F	P/BV FY24F	Net gearing FY24F	Div yield FY24F	ROE FY24F	EV/ha USD
Kuala Lumpur Kepong	KLK MK	5,201	Buy	21.36	24.80	27.4	21.7	2.7	58.9%	1.6%	2.3%	25,988
Sarawak Oil Palms	SOP MK	591	Buy	2.98	4.15	6.5	6.8	0.7	Cash	3.7%	11.2%	4,707
IOI Corp	IOI MK	5,304	Buy	3.85	4.90	15.6	17.6	2.0	13.1%	2.5%	13.2%	32,561
SD Guthrie	SDG MK	7,602	Buy	4.95	5.55	25.5	21.7	1.9	24.7%	2.2%	7.5%	15,332
Ta Ann	TAH MK	406	Neutral	4.15	4.50	9.6	7.9	1.0	Cash	8.4%	10.4%	7,629
TSH Resources	TSH MK	361	Neutral	1.19	1.10	14.5	13.2	0.8	-1.9%	1.7%	5.4%	14,680
Johor Plantations	JPG MK	719	Buy	1.15	1.55	11.8	10.8	1.0	37.2%	4.3%	9.7%	16,241
FGV Holdings	FGV MK	891	Neutral	1.10	1.27	11.5	10.8	0.6	23.4%	3.6%	5.8%	5,453
Wilmar	WIL SP	13,867	Neutral	3.04	3.10	12.1	9.8	0.7	105.1%	4.7%	5.5%	N/A
Bumitama Agri	BAL SP	1,071	Buy	0.85	0.95	8.7	7.9	1.2	15.0%	6.0%	14.4%	10,429
Golden Agri	GGR SP	2,224	Neutral	0.24	0.29	8.8	7.2	0.4	24.4%	2.3%	19.6%	11,401
First Resources	FR SP	1,585	Neutral	1.40	1.65	8.0	7.8	1.1	13.3%	6.2%	14.8%	10,617
PP London Sumatra Indonesia	LSIP IJ	402	Buy	955	1,540	5.2	5.3	0.5	Cash	6.8%	10.2%	1,170
Astra Agro Lestari	AALI IJ	709	Neutral	5,975	6,940	10.7	9.1	0.5	6.3%	4.1%	4.5%	3,185
Regional Average						12.8	11.1	1.1				11,471

Note: Prices are as at 9 Jan 2025

Source: Bloomberg, Company data, RHB

Figure 25: Breakdown of plantation companies' landbanks



Source: Company data, RHB

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