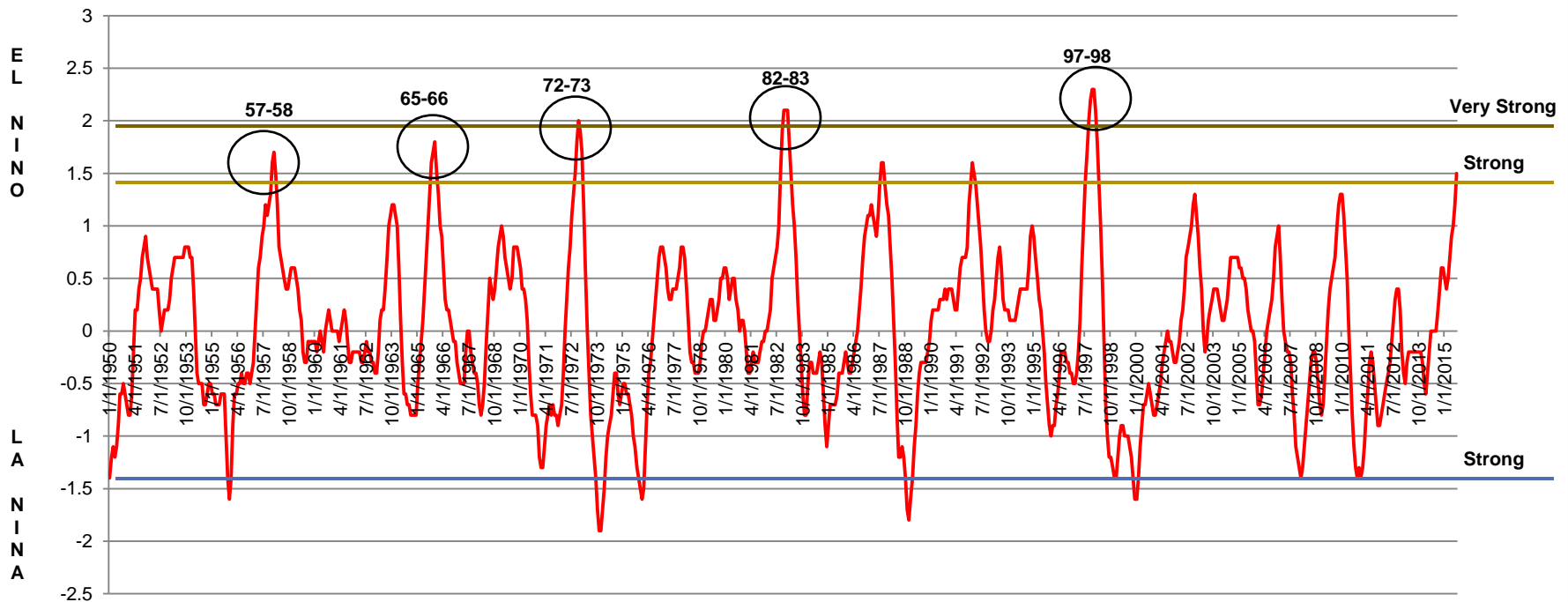


CPO

by Sinarmas Investment Research

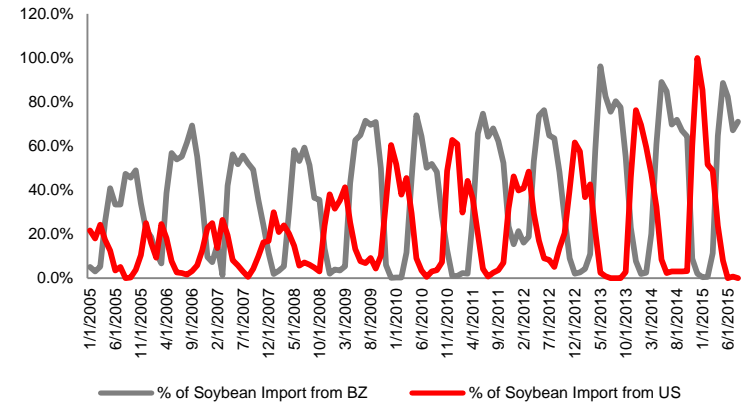
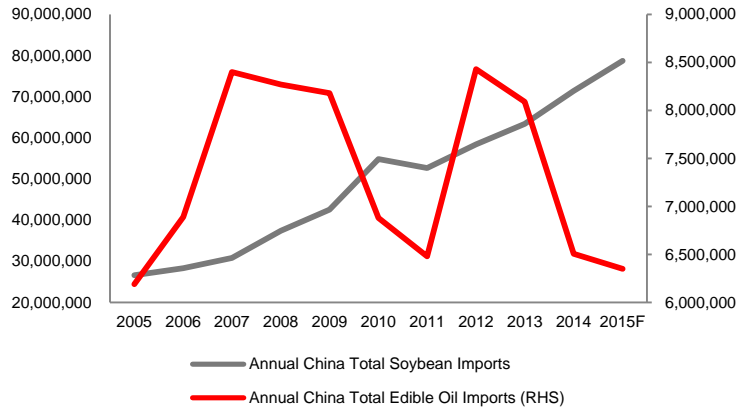
Weather forecasters have shown increasing evidences that the current El Niño would keep on developing into one of the strongest El Niño in two decades and it expected to last until early next year.

NOAA Climate Prediction Center Oceanic Nino Index ONI

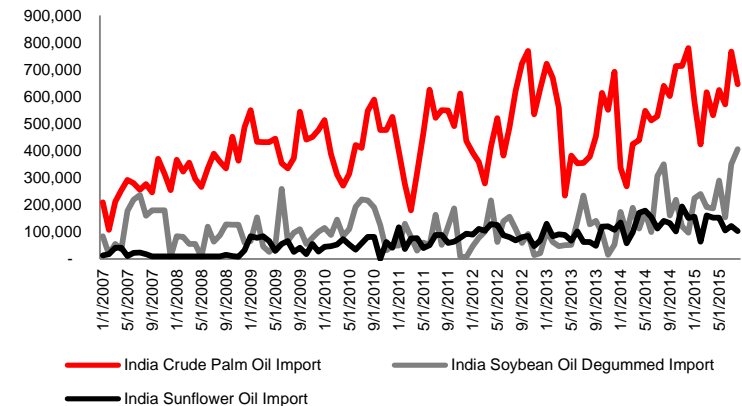
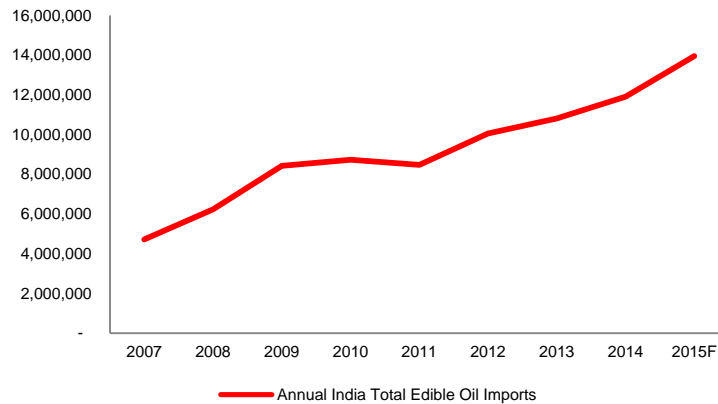


Shifting Demand

China, as the biggest consumer of edible oil, has been shifting its import demand towards soybean.

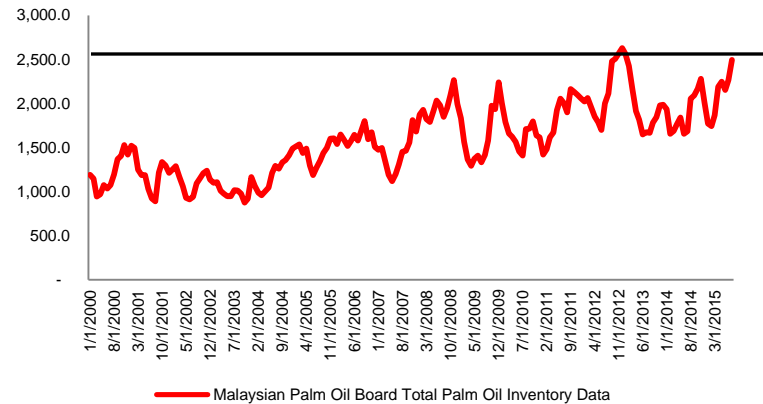
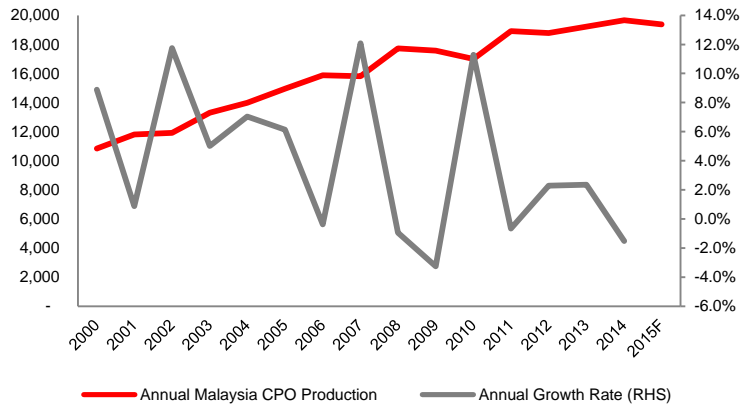


However, India Edible oil imports has surpassed those level of Chinese demand since 5 years ago.

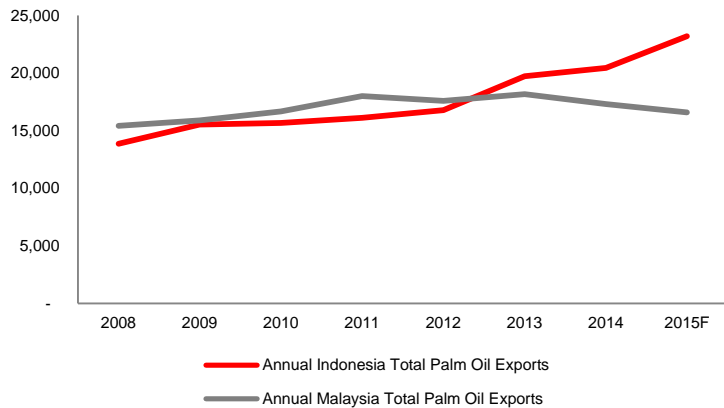


Record High of Inventory Level

Malaysia palm oil inventory is expected to reach a record high mainly due to a soft demand.



Indonesia has become the largest palm oil exporters in the world, surpassing Malaysia.



Supply Constrain

Persistence Strong El Nino

Stable Demand

Valuation



Ticker	Name	P/E	Mature Area (ha)	EV/HA (USD)	EV/HA 3Y AVG (USD)	FCFT12M	Debt/EBITDA
Indonesia (6 securities)							
Average		14.6		10,279	12,303		3.1
AALI IJ Equity	Astra Agro Lestari Tbk PT	18.9	254,917	12,479	13,916	(131.3)	1.7
LSIP IJ Equity	Perusahaan Perkebunan London Sumatra Indonesia Tbk PT	12.2	92,274	8,079	10,690	21.0	-
SIMP IJ Equity	Salim Ivomas Pratama Tbk PT	15.1	205,212	7,411	8,532	(30.9)	3.1
SGRO IJ Equity	Sampoerna Agro PT	8.4	101,586	4,047	4,291	(52.3)	3.1
BWPT IJ Equity	Eagle High Plantations Tbk PT	35.6	96,922	15,606	18,723	(68.5)	11.2
DSNG IJ Equity	Dharma Satya Nusantara Tbk PT	14.0	54,409	14,005	14,005	(27.7)	3.5
Malaysia (4 securities)							
Average		27.9		39,873	43,739		4.0
IOI MK Equity	IOI Corp Bhd	161.7	149,749	54,586	76,647	213.5	3.5
KLK MK Equity	Kuala Lumpur Kepong Bhd	28.0	179,237	37,780	43,879	(15.4)	2.2
GENP MK Equity	Genting Plantations Bhd	27.8	92,296	22,901	28,350	(26.5)	4.4
SIME MK Equity	Sime Darby Bhd	23.4	455,556	41,967	43,599	362.5	4.4
Singapore (5 Securities)							
Average		15.1		44,107	41,366		3.3
FR SP Equity	First Resources Ltd	12.6	132,220	21,027	24,713	(3.2)	1.9
GGR SP Equity	Golden Agri-Resources Ltd	90.2	440,578	14,701	19,475	209.1	6.3
WIL SP Equity	Wilmar International Ltd	10.3	210,063	151,129	150,615	2,527.6	10.0
BAL SP Equity	Bumitama Agri Ltd	15.1	77,177	22,538	-	52.8	3.1
IFAR SP Equity	Indofood Agri Resources Ltd	19.4	185,181	11,141	12,026	48.8	3.3