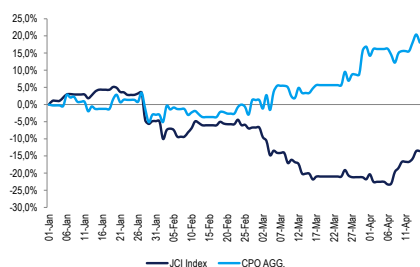


Sector Index Performance

	3M	6M	12M
Absolute	19.6	0.7	83.1
Relative to JCI	36.5	7.7	65.4



Summary Valuation Metrics

P/E (x)	2026F	2027F	2028F
DSNG IJ	8.0	7.2	6.6
TAPG IJ	7.5	7.3	7.1
LSIP IJ	5.5	5.2	5.0
AALI IJ	8.1	9.4	8.2

EV/EBITDA (x)

	2026F	2027F	2028F
DSNG IJ	4.9	4.1	3.5
TAPG IJ	5.2	5.0	4.8
LSIP IJ	1.1	0.8	0.5
AALI IJ	3.4	3.5	2.9

Div. Yield

	2026F	2027F	2028F
DSNG IJ	3.1%	4.3%	5.5%
TAPG IJ	10.3%	12.0%	12.5%
LSIP IJ	6.1%	6.4%	6.7%
AALI IJ	6.1%	7.1%	6.6%

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Mar26: lower Malaysia inventory due to higher export; B15 mandate is also +ve

- Malaysia’s inventories fell for a third consecutive month to 3mn tonnes in Mar26, as strong exports (+33% mom) outpaced production (+8% mom).
- 1Q26 CPO price rose by +2% yoy and was in line, with a positive outlook supported by substitutional effect from SBO and Malaysia’s B15.
- OW rating maintained as strong CPO price outlook remains intact.

Mar26: higher export drove the drop in inventory for three consecutive months

Malaysia’s total production reached 2mn tonnes (+8% mom, flat yoy) in Mar26, bringing 3M26 production to 6.3mn tonnes (+12% yoy). CPO output rose by +7% mom to 1.4mn tonnes (-1% yoy) with 3M26 at 4.2mn tonnes (+11% yoy), in line with MPOB’s lower-bound target (21% vs. 3-year mean: 20%). Meanwhile, export volume surged +33% mom to 2.1mn tonnes (+47% yoy) in Mar26, lifting 3M26 to 5.7mn tonnes (+24% yoy). Stronger exports outpaced production, reducing inventories to 3mn tonnes in Mar26 (vs. 3.5mn tonnes in Feb26), marking the third consecutive monthly decline, though still above the 2021–25 average of 2.3mn tonnes. We expect inventories to rise near term on stronger 2Q26F output, before declining in 2H26F on lower production and seasonal restocking by key importers.

CPO price rebounded in Mar26 on SBO substitution; uptrend is expected to continue into 2H26F

In Mar-26, average CPO prices rose to MYR4.4k/Rp15.5mn per tonne (+9%/+8% mom; -6%/+4% yoy), driven by soybean oil (SBO) substitution as prices surged 14% mom to US\$1.5k/t on stronger US biofuel blending. In 1Q26, CPO averaged MYR4.2k/Rp14.6mn (flat qoq; -11% yoy), broadly in line but still below our FY26F estimates of MYR4.6k/Rp16.4mn. We expect the uptrend to continue into 2H26F, supported by sustained substitution effects and gradual US biofuel ramp-up.

Malaysia to implement B15, starting with B12 – a new emerging catalyst

The Malaysian government agreed to raise biodiesel blending from B10 to B15 on 14th Apr26, with an initial rollout of B12 using existing infrastructure. It is also upgrading depots to support higher blends (B20/B30) and targets B30 for commercial and public transport. This aims to enhance energy security amid the ongoing energy crisis. We estimate this could reduce CPO seaborne supply by ~0.15mn/0.6mn tonnes (0.2%/0.7% of global consumption) in FY26–27F, assuming B12/B15 implementation in 2H26F/2027F. If realized, we expect upside risk to our current price estimates of 2%/4%, bringing them to MYR4.7k/5.1k (+10%/+10% yoy).

Maintain OW call on the sector

We retain our OW rating on the sector, supported by positive CPO price catalysts, including the implementation of Indonesia’s B50 and Malaysia’s B12, which may reduce seaborne supply, alongside potential supply tightening in Malaysia in 2H26F and sustained substitution effects from SBO. TAPG and DSNG remain our top picks; we prefer TAPG for its higher spot exposure, lower reliance on external FFB, and attractive dividend yield of 10–12% in FY26–28F. Key risks include prolonged geopolitical tensions and regulatory changes.

Malaysia's palm operational update

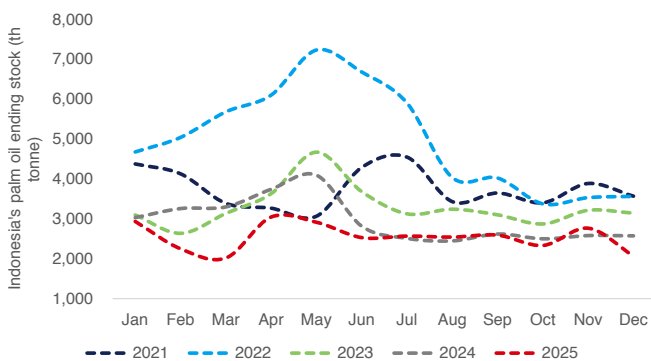
Fig. 1: Malaysia's palm operational update in Mar26

MY's palm plantation data	Mar-26	Mar-25	Growth yoy	Feb-26	Growth mom	3M26	3M25	Growth yoy	MPOB target 2026F	% to FY26F target	3-Y mean
Production (th tonne)	2,040.7	2,047.1	0%	1,892.2	8%	6,300.3	5,614.0	12.2%			
Crude Palm Oil	1,376.8	1,387.6	-1%	1,284.3	7%	4,238.6	3,816.0	11.1%	19,500 - 19,800	21.4% - 21.7%	20%
Palm Kernel	325.3	336.9	-3%	304.0	7%	1,006.8	913.4	10.2%			21%
Palm Kernel Oil	162.1	149.9	8%	145.7	11%	505.5	417.2	21.2%			21%
Palm Kernel Cake	176.4	172.7	2%	158.2	11%	549.5	467.5	17.5%			21%
Export (th tonne)	2,072.8	1,409.4	47%	1,555.6	33%	5,658.4	4,579.6	23.6%			
Palm Oil	1,551.3	1,005.7	54%	1,102.6	41%	4,138.1	3,182.0	30.0%			
Palm Kernel Oil	78.0	56.3	39%	45.4	72%	179.5	172.0	4.4%			
Palm Kernel Cake	180.1	123.0	46%	188.7	-5%	616.5	495.3	24.5%			
Oleochemical	250.5	209.4	20%	202.9	23%	676.5	639.5	5.8%			
Biodiesel	12.9	14.9	-14%	16.0	-19%	47.7	90.8	-47.5%			
Closing stock (th tonne)	2,966.1	2,158.2	37%	3,456.4	-14%	2,966.1	2,158.2	37.4%			
Palm Oil	2,267.3	1,563.8	45%	2,703.7	-16%	2,267.3	1,563.8	45.0%			
Palm Kernel	138.3	143.3	-3%	150.4	-8%	138.3	143.3	-3.4%			
Palm Kernel Oil	339.7	270.4	26%	376.3	-10%	339.7	270.4	25.6%			
Palm Kernel Cake	220.8	180.6	22%	225.9	-2%	220.8	180.6	22.2%			

Source: MPOB, Indo Premier

Palm inventory level in major exporter and importer countries

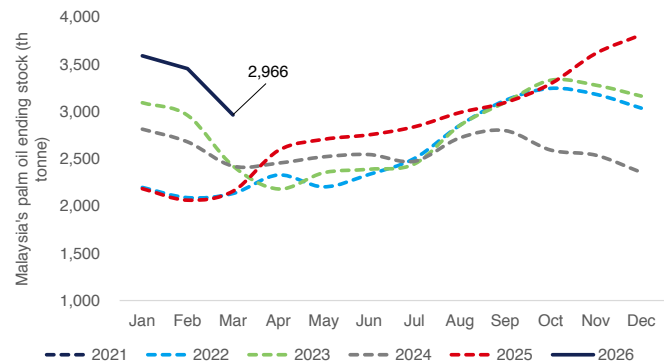
Fig. 2: Indonesia's palm ending stock



Source: GAPKI, Indo Premier

*All palm product

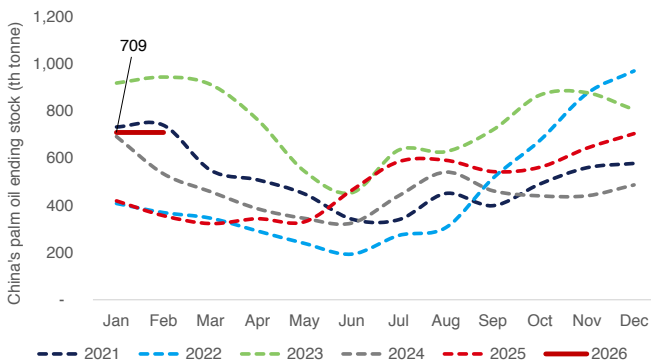
Fig. 3: Malaysia's palm ending stock



Source: Malaysia's EIDD, Indo Premier

*All palm product

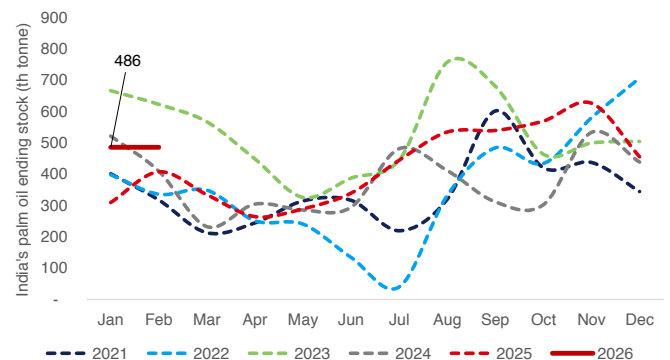
Fig. 4: China's palm oil ending stock



Source: Malaysia's EIDD, Indo Premier

*All palm product

Fig. 5: India's palm ending stock

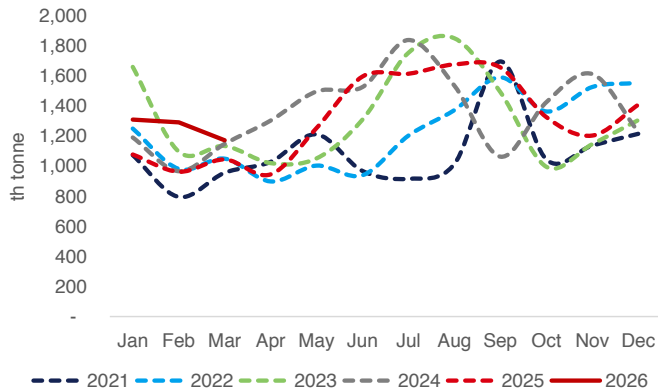


Source: Malaysia's EIDD, Indo Premier

*All palm product

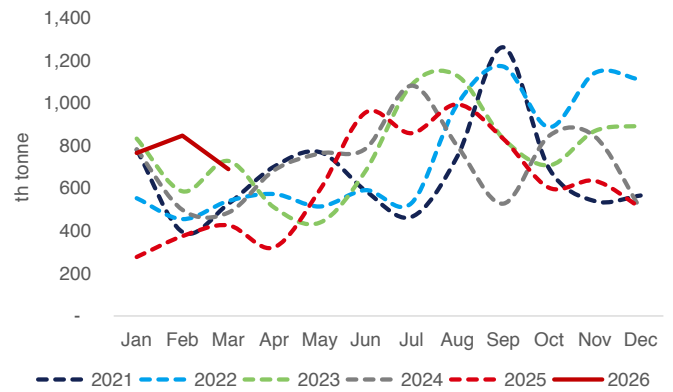
India vegetable oil import

Fig. 6: India - monthly vegetable oil import



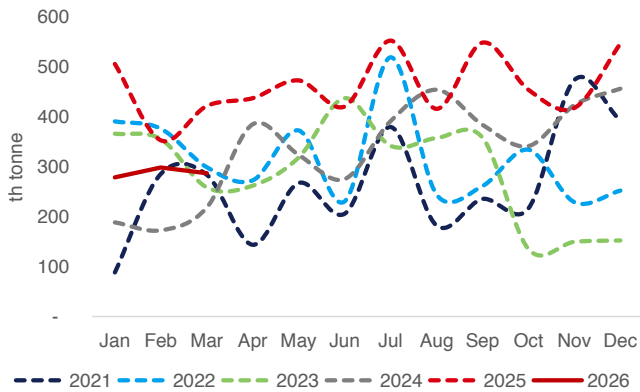
Source: SEA India, Indo Premier

Fig. 7: India - monthly palm oil import (refined and crude)



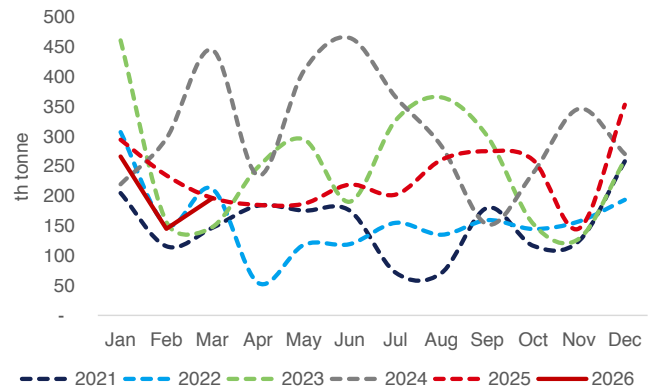
Source: SEA India, Indo Premier

Fig. 8: India - monthly soybean oil import (refined and crude)



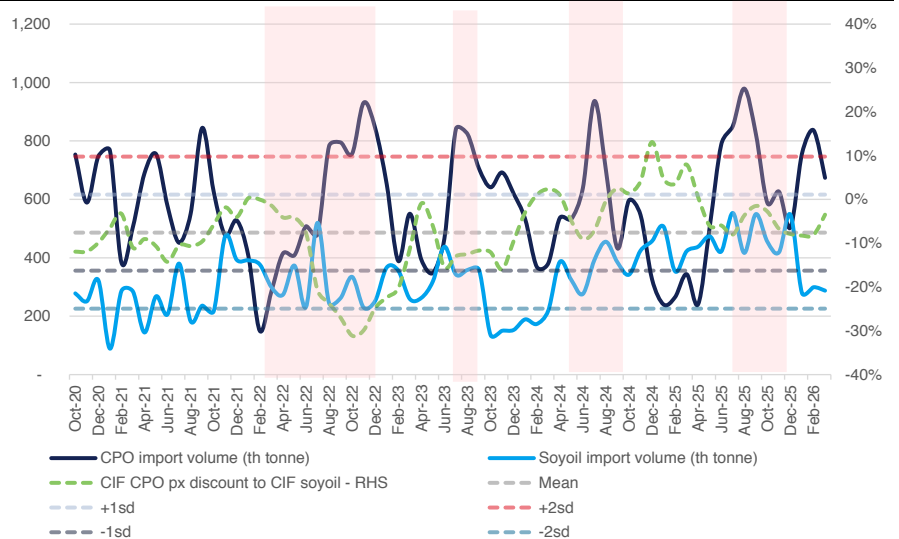
Source: SEA India, Indo Premier

Fig. 9: India - monthly sunflower oil import (refined and crude)



Source: SEA India, Indo Premier

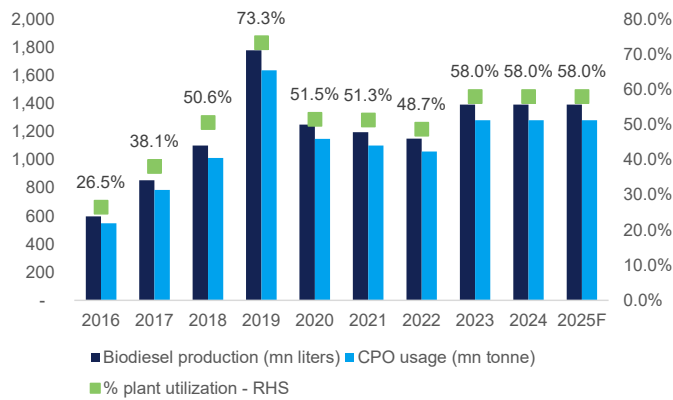
Fig. 10: In Feb26, India's CPO import increased amid CPO price discount to soyoil remains attractive, while soybean oil import still lower than 2025 average



Source: SEA India, Indo Premier

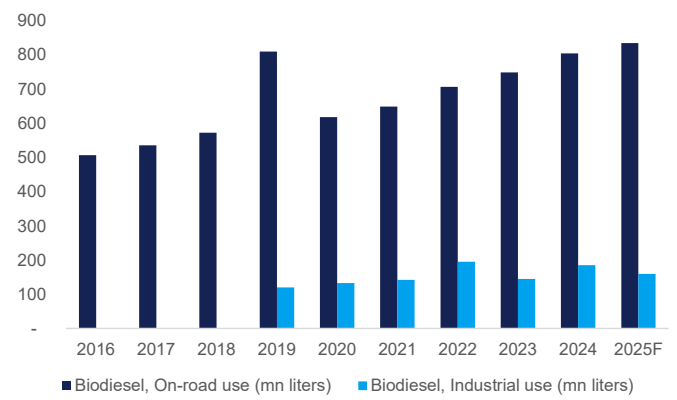
Malaysia's biodiesel

Fig. 11: Malaysia's biodiesel utilization remained low at 58% in 2024–25F



Source: USDA, Indo Premier

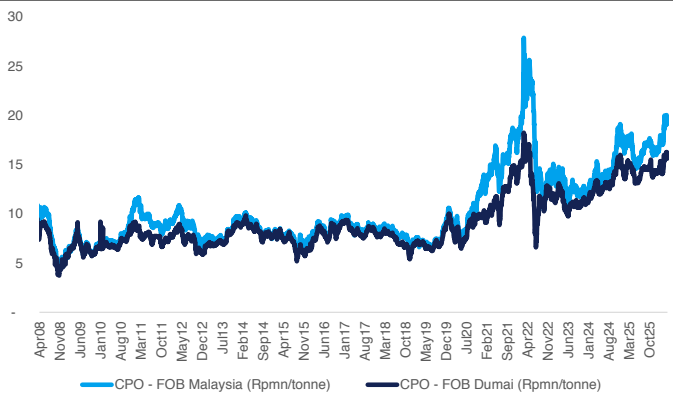
Fig. 12: Biodiesel usage in Malaysia



Source: USDA, Indo Premier

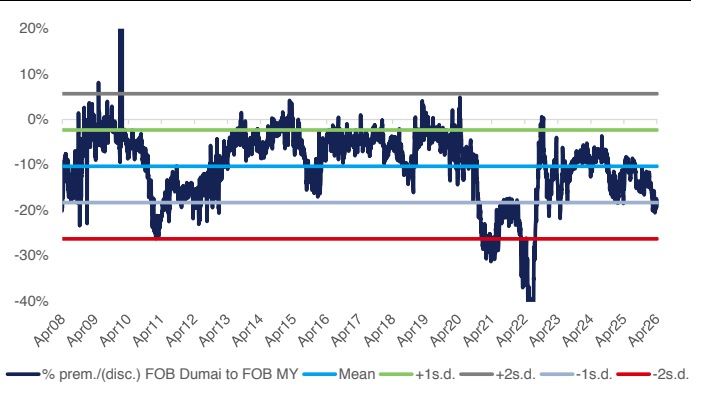
Price movement

Fig. 13: CPO price – FOB Malaysia vs. FOB Dumai (Indonesia)



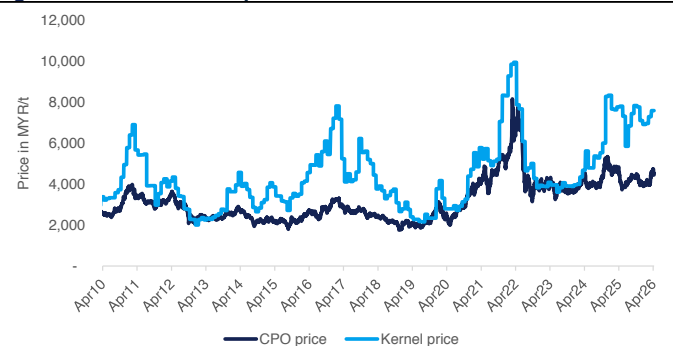
Source: Bloomberg, Indo Premier

Fig. 14: % FOB Dumai to Malaysia



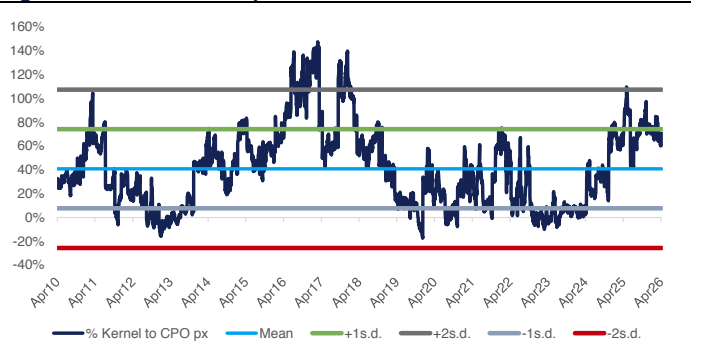
Source: Bloomberg, Indo Premier

Fig. 15: CPO and Kernel price



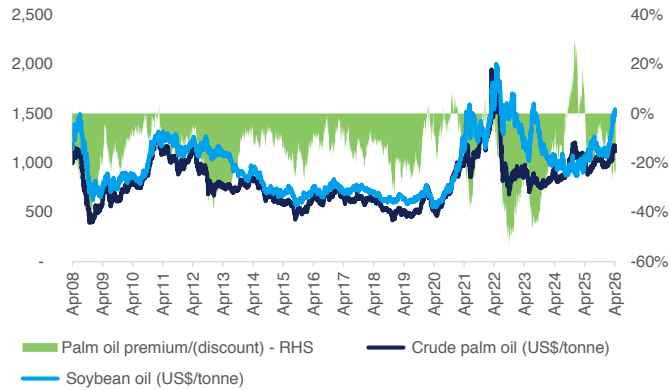
Source: Bloomberg, Indo Premier

Fig. 16: % kernel to CPO price



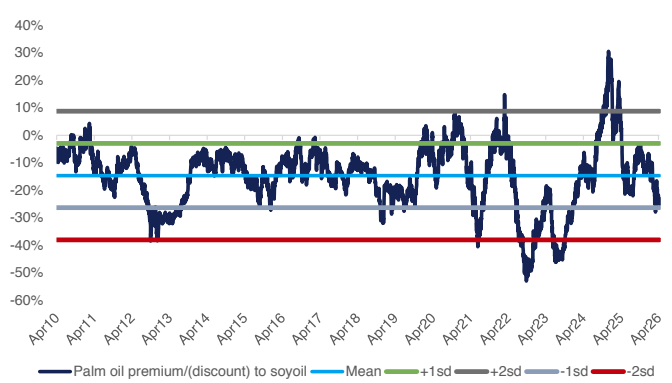
Source: Bloomberg, Indo Premier

Fig. 17: CPO and SBO (soybean oil price)



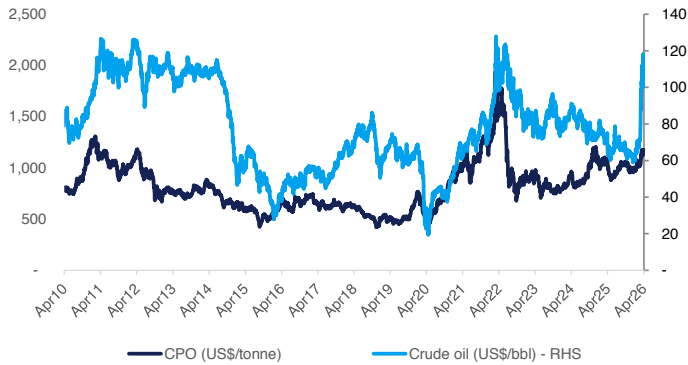
Source: Bloomberg, Indo Premier

Fig. 18: % Palm oil to SBO



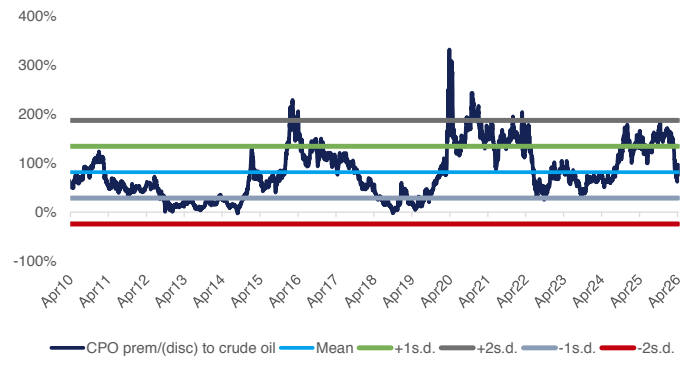
Source: Bloomberg, Indo Premier

Fig. 19: CPO and brent oil price



Source: Bloomberg, Indo Premier

Fig. 20: % CPO to brent oil



Source: Bloomberg, Indo Premier

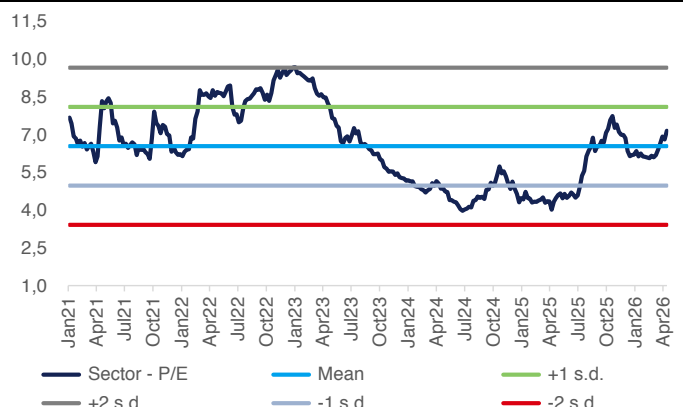
Valuation

Fig. 21: Sector - EV/EBITDA 12M forward



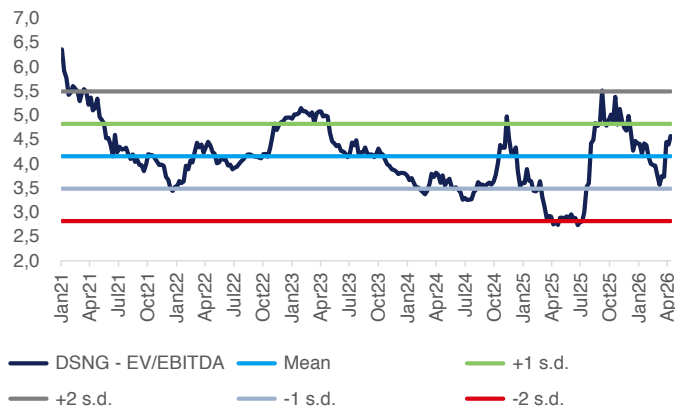
Source: Company, Bloomberg, Indo Premier

Fig. 22: Sector - P/E 12M forward



Source: Company, Bloomberg, Indo Premier

Fig. 23: DSNG - EV/EBITDA 12M forward



Source: Company, Bloomberg, Indo Premier

Fig. 24: DSNG - P/E 12M forward



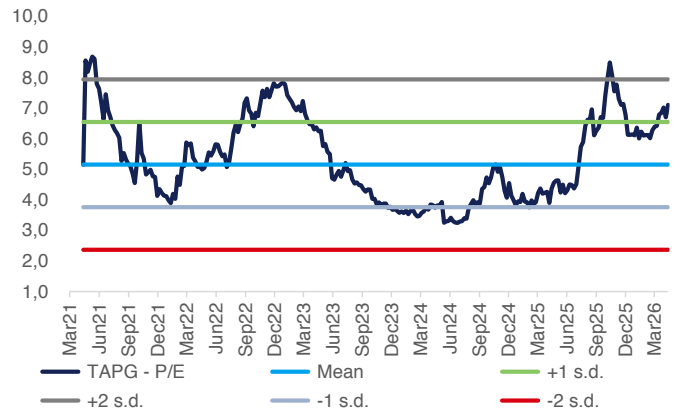
Source: Company, Bloomberg, Indo Premier

Fig. 25: TAPG - EV/EBITDA 12M forward



Source: Company, Bloomberg, Indo Premier

Fig. 26: TAPG - P/E 12M forward



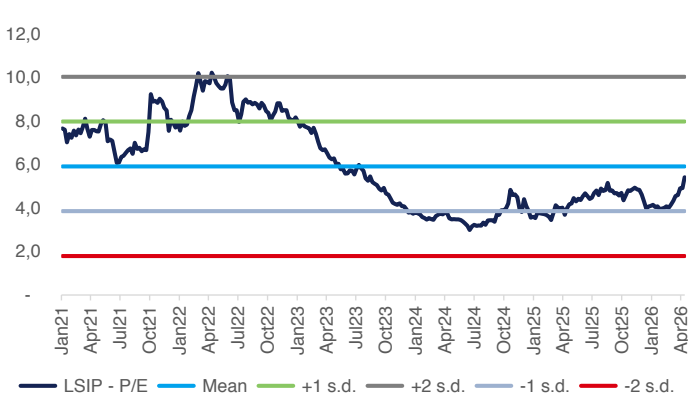
Source: Company, Bloomberg, Indo Premier

Fig. 27: LSIP - EV/EBITDA 12M forward



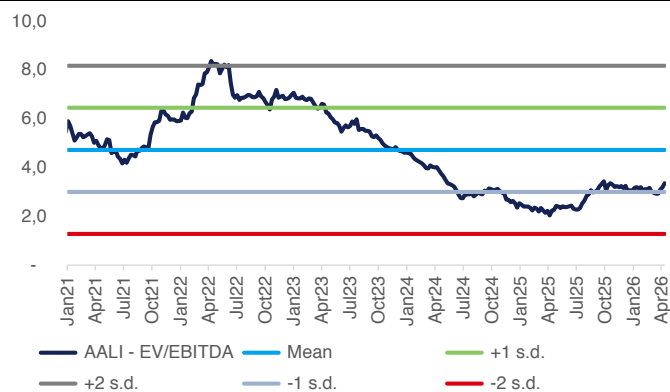
Source: Company, Bloomberg, Indo Premier

Fig. 28: LSIP - P/E 12M forward



Source: Company, Bloomberg, Indo Premier

Fig. 29: AALI - EV/EBITDA 12M forward



Source: Company, Bloomberg, Indo Premier

Fig. 30: AALI - P/E 12M forward



Source: Company, Bloomberg, Indo Premier

SECTOR RATINGS

- OVERWEIGHT** : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL** : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT** : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY RATINGS

- BUY** : Expected total return of 10% or more within a 12-month period
- HOLD** : Expected total return between -10% and 10% within a 12-month period
- SELL** : Expected total return of -10% or worse within a 12-month period

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