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STAA
PT Sumber Tani Agung Resources Tbk
Powering Growth Through Downstream Edge

- CPO seen stable at RM4,200–4,800/ton, anchored by Indonesia's biodiesel demand, stagnant Malaysia supply, and EUDR restocking.
- STAA's 49,728 ha with 85–88% in prime age supports ~1.1 mn tons FFB and ~430k tons CPO annually.
- STAOF refinery to hit 80–85% utilization by 2026, lifting refined share to ~10% and adding Rp500–600 bn revenue.
- Initiate coverage with a BUY recommendation on STAA, assigning a DCF-based target price of Rp1,700/share, implying a 2026F P/E of 11.1x.

Global Palm Oil Dynamics: Volatility with Structural Support
CPO prices remain volatile, trading in the RM4,200–4,800/ton band, but the structural floor is well supported by policy and supply dynamics. Indonesia's biodiesel program has already absorbed over 50% of domestic CPO, and the B50 mandate in 2026 is set to lift demand to 18 MMT annually, anchoring price stability. Malaysia, constrained by aging trees and slow replanting, continues to stagnate at ~19.5 MMT, reinforcing Indonesia's role as the global swing producer with output projected at 45.5 MMT in 2024/25 and 47.0 MMT in 2025/26 (+3% YoY). On the demand side, Europe is front-loading purchases ahead of the December 2025 EUDR deadline, while palm oil's cost advantage — USD100–300/ton cheaper than soybean oil and USD500–700/ton below sunflower oil — ensures global competitiveness despite temporary substitution in China and India.

STAA's Integrated Operations and Growth Platform
STAA operates 49,728 hectares of oil palm plantations across Sumatra and Kalimantan, supported by 10 mills (495 MT/hour), a 600 MT/day kernel crushing plant, a 500 MT/day solvent extraction plant, and a biogas facility (1 MW). Around 85–88% of the planted area is in its prime age (~13 years), providing a 3–4 year production tailwind. FFB output is projected to grow at 2–3% CAGR, reaching ~1.1 mn tons by 2026, translating to ~420–430k tons of CPO annually at an OER of ~22.1%. The company's vertically integrated model captures value across the supply chain, from upstream (CPO, CPKO) to by-products (PKE, PKM) and downstream, with the STAOF Dumai refinery (2,000 MT/day) serving as the cornerstone of value-added diversification into olein, stearin, PFAD, and bioenergy.

Downstream Expansion and Financial Strength
The STAOF refinery, commissioned in mid-2025, is a structural earnings catalyst. Utilization is expected to rise from ~65% in 2025 to 80–85% by 2026, equivalent to 520–560k tons of refined output annually. This expansion is set to lift refined product contributions from ~5% of revenues in FY24 to 8–10% by FY27. With refining spreads averaging USD 70–120/ton, incremental contributions are estimated at Rp500–600 bn in revenue and Rp100–150 bn in EBITDA annually, while also lowering exposure to raw CPO volatility. Capex, which peaked at USD 200–220 mn for STAOF, will normalize to Rp500–600 bn per year, largely for replanting and automation, funded comfortably by Rp1.5–1.7 tn in annual operating cash flows. Free cash flow is projected at Rp900 bn–1.1 tn per year, supporting a 25–30% dividend payout ratio, while net gearing remains conservative at 0.3–0.4x, leaving ample room for growth or acquisitions.

Valuation Upside with Defensive Earnings
We initiate coverage with a **BUY** recommendation on STAA, assigning a DCF-based target price of Rp1,700/share, implying a 2026F P/E of 11.1x. Earnings visibility is supported by steady EBIT of ~Rp2.3 tn in 2026F–27F and margin expansion of 200–300 bps from downstreaming. **Key risks:** weather-driven yield swings, export or biodiesel policy shifts, CPO price volatility, and slower Dumai refinery ramp-up.

Key Financial Highlights

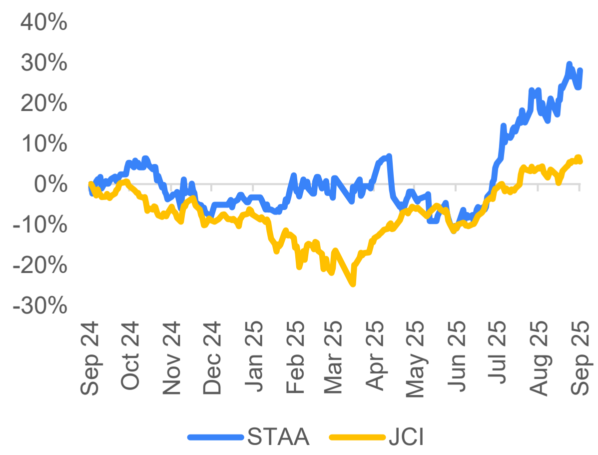
Key Metrics	2023	2024	2025F	2026F	2027F
Revenue (Rp bn)	5,285	6,439	7,615	7,866	8,044
EBITDA (Rp bn)	1,370	2,192	2,795	3,067	3,210
Net Profit (Rp bn)	683	1,284	1,679	1,889	2,000
EPS Growth (%)	-38.7	88.0	30.7	12.5	5.9
P/E (x)	17.7	9.4	7.2	6.4	6.0
P/BV (x)	2.5	2.0	1.7	1.5	1.3
EV/EBITDA (x)	9.1	5.6	4.0	3.4	2.9

BUY

Stock Information (as of October 2, 2025)

Last Price (Rp)	1,095
Target Price (Rp)	1,700
Potential Upside	55.3%
Market Cap (Rp tn)	11.9
52 Week Range (Rp)	1,125 - 740
Free Float	28.2%
Share Out. (bn)	10.9
Beta	0.5

1-Year Stock Performance Comparison vs JCI



Shareholders

STAA's Shareholders	%
PT Malibu Indah Lestari	36.69
PT Kedaton Perkasa	28.87
PT Pelita Sukses Sejati	6.25
Mosfly Ang	0.01
Public	28.18

Company Description

STAA's Company Profile

PT Sumber Tani Agung Resources Tbk is an Indonesia-based oil palm plantation company. The Company and its subsidiaries are engaged in the management and cultivation of oil palm plantations and crude palm oil processing mills and its other derivative products and the selling of the related end products. Its operations are located in North Sumatera, South Sumatera, West Kalimantan, Central Kalimantan and Singapore.

Analyst

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INDUSTRY OVERVIEW

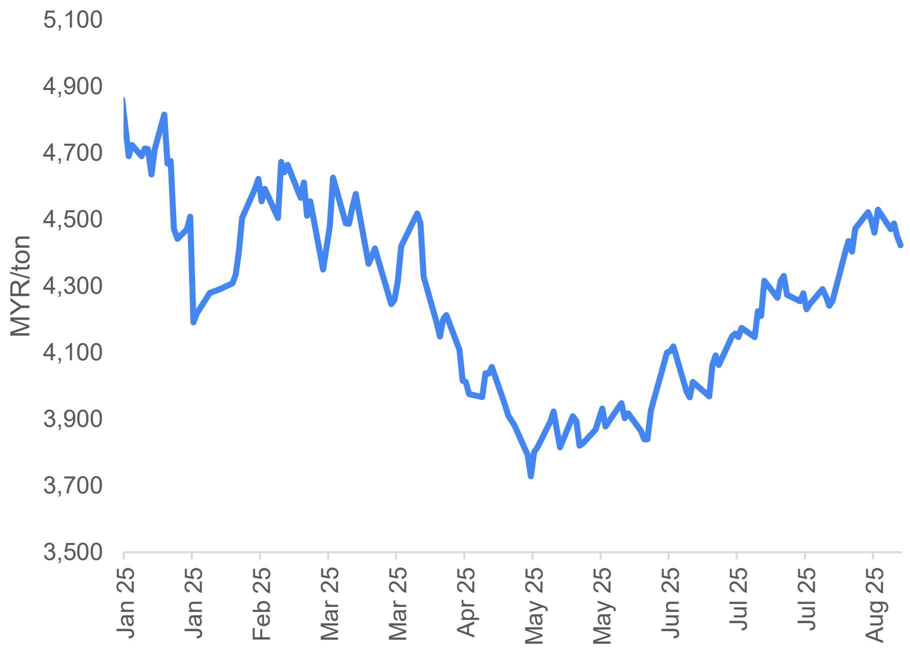
Palm Oil Price Volatility with Structural Medium-Term Support

The global palm oil industry in late 2025 is navigating a mix of volatility in the short term and resilience in the medium term. Benchmark Malaysian CPO futures slipped back toward RM4,400/ton in August on ringgit strength and softer rival vegetable oils, but structural demand factors have kept prices comfortably above the trough of RM3,780/ton seen earlier in May. Moody's recently adjusted its medium-term sensitivity range to RM3,800–4,200/ton, underscoring the supportive role of Indonesian biodiesel demand, modest supply growth in the region, and restocking ahead of the EU Deforestation Regulation (EUDR) implementation by December 2025.

Indonesia as the Swing Producer and Biodiesel Demand Driver

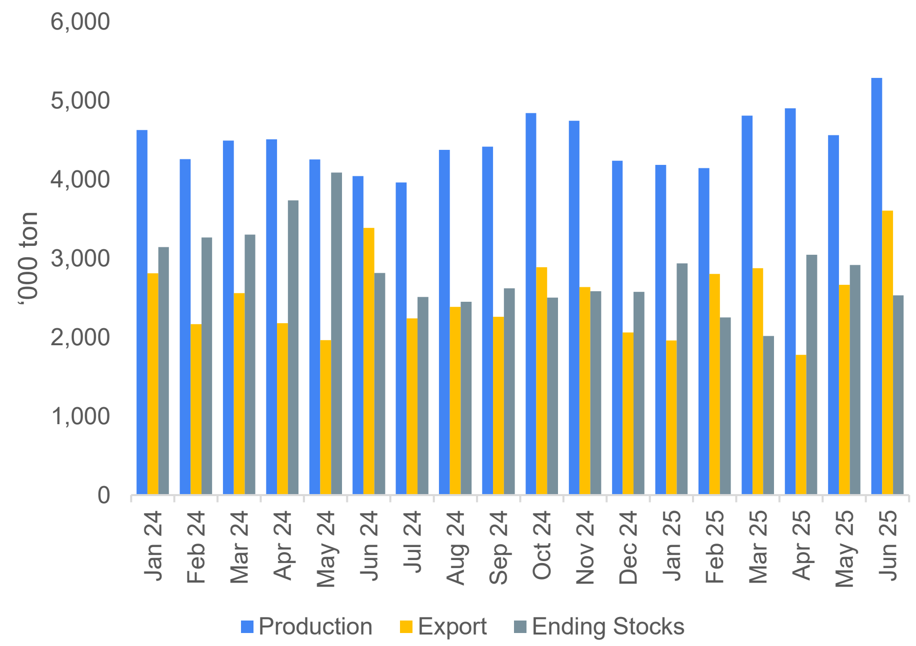
Indonesia remains the swing producer, with output projected at 45.5 MMT in 2024/25 and 47.0 MMT in 2025/26 (+3% YoY). This growth is supported by favorable weather and increased fertilizer application. Monthly production volumes have steadily climbed in 2025, peaking at 5.3 MMT in June — the highest in over a year. However, exports have not matched this pace, falling to just 1.8 MMT in April before recovering to 3.6 MMT in June. The main reason has been Indonesia's biodiesel program, which has absorbed a larger share of domestic supply, reducing export availability. Ending stocks, which built up to 2.9 MMT in May, eased to 2.5 MMT by June as shipments improved.

Figure 1. Palm Oil Price Trend



Source: Bloomberg, Ajaib Research

Figure 2. Indonesia Monthly CPO Production, Export, and Stocks ('000 ton)



Source: GAPKI, Ajaib Research

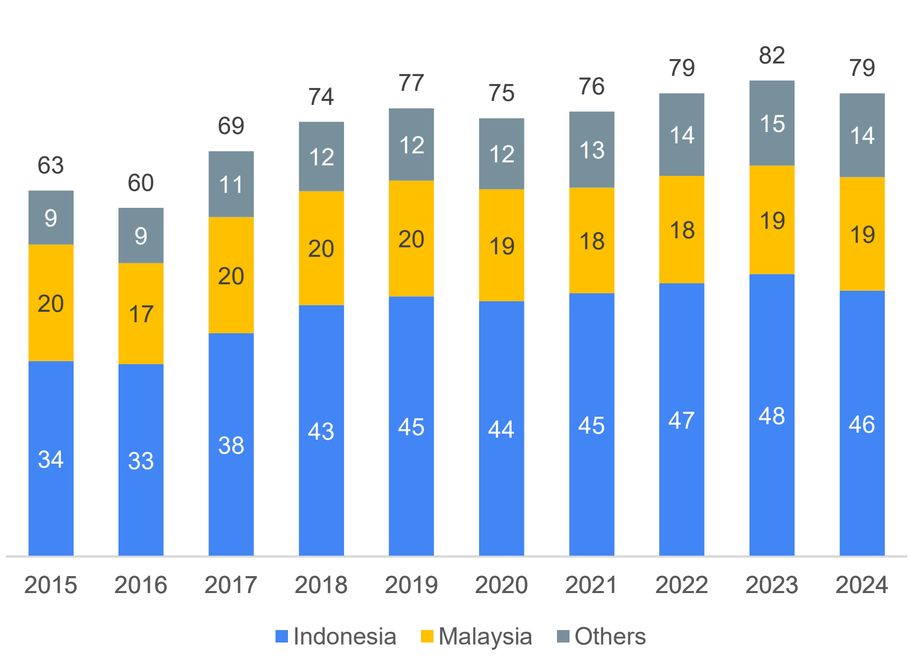
Malaysia's Structural Constraints Reinforce Indonesia's Role

Malaysia, by contrast, continues to lag with structural constraints. Its production is expected to remain stagnant around 19.5 MMT due to aging trees and replanting delays, despite some recovery in labor availability. This contrast highlights Indonesia's pivotal role in setting global supply balances. The limited upside in Malaysian output means global buyers will increasingly depend on Indonesian volumes, reinforcing Indonesia's influence on both pricing and trade flows.

Policy-Driven Demand Tightening Export Availability

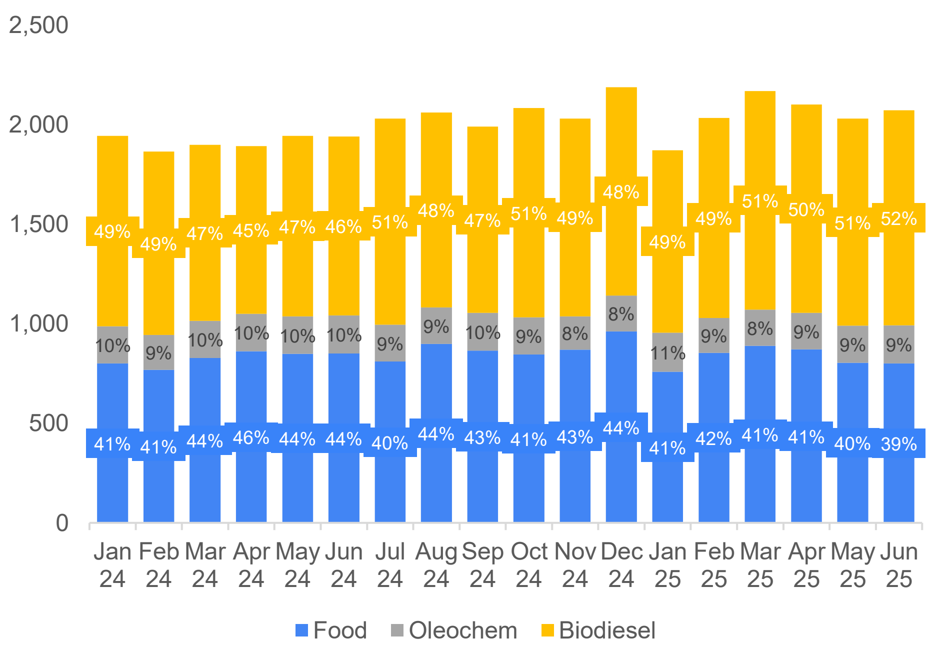
On the demand side, policy remains the biggest swing factor. Indonesia's B40 biodiesel mandate, introduced in January 2025, has already raised biodiesel's share of domestic palm oil consumption above 50% (vs. 46–48% in 2024). By 2026, the government targets B50 blending, which could push domestic palm oil demand to 18 MMT annually, while also delivering fuel import savings of up to USD 20 billion. This structural demand shift tightens the pool of exportable supply, supporting price stability despite weaker buying appetite from major importers such as China and the U.S.

Figure 3. Global Palm Oil Production (mn ton)



Source: USDA, Ajaib Research

Figure 4. Monthly Indonesia Palm Oil Consumption ('000 ton)



Source: GAPKI, Argus Media Group

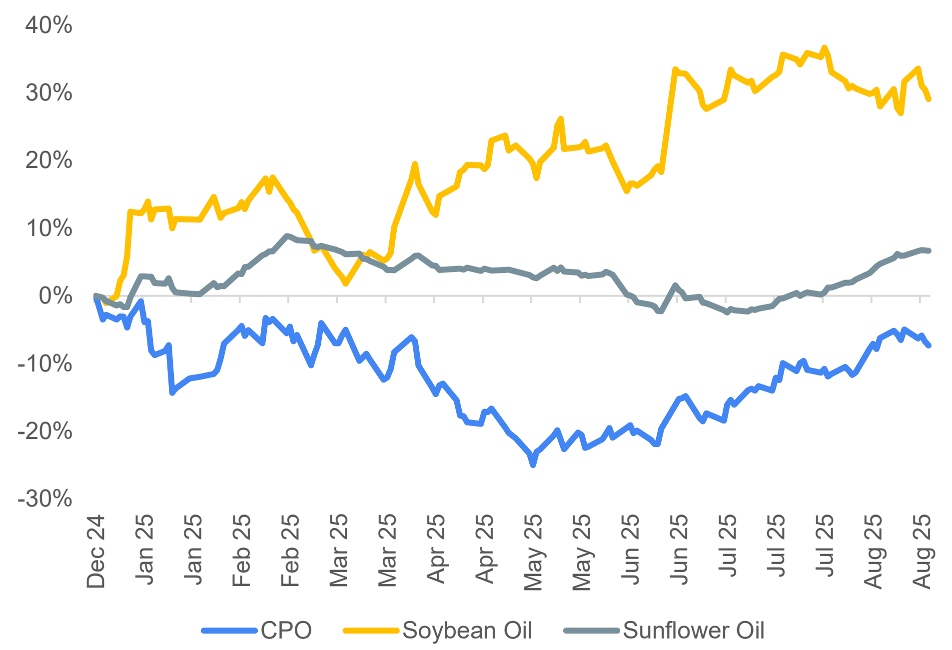
Palm Oil's Price Competitiveness Against Rival Oils

Price competitiveness is another key driver. Palm oil maintains a USD 100–300/ton discount to soybean oil and USD 500–700/ton discount to sunflower oil. While this discount creates substitution risks in markets like China and India when rival oils are cheaper, it also ensures palm oil remains the most competitive option in global vegetable oil trade. The USDA has already cut Indonesia's 2024/25 export outlook to 22.8 MMT (from 24+ MMT earlier), citing buyers' temporary preference for non-palm oils. Even so, Indonesia's domestic absorption through biodiesel has provided a critical floor for CPO prices.

EUDR and the Push Toward Sustainable Supply Chains

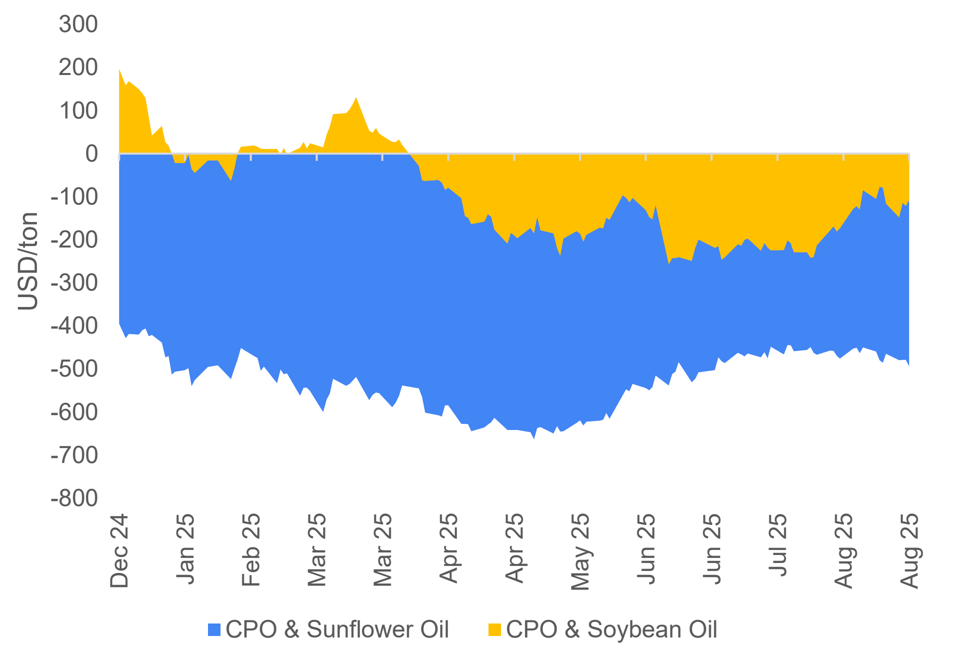
In Europe, the EUDR adds a new layer of complexity. Buyers are accelerating restocking ahead of the December 2025 compliance deadline, with compliant producers — especially those holding ISPO, RSPO, or other sustainability certifications — likely to capture premium pricing. This regulatory shift favors integrated players with strong traceability systems, digital monitoring, and ESG credentials. It could also accelerate industry consolidation, as smaller, non-compliant producers struggle to access premium export markets.

Figure 5. YTD Palm, Sunflower & Soybean Oil Price Return Comparison



Source: Bloomberg, Ajaib Research

Figure 6. YTD Price Gap Trend Palm vs Sunflower & Soybean Oil (USD/ton)



Source: Bloomberg, Ajaib Research

CPO Price Outlook and Structural Floor

Looking forward, analysts expect CPO to trade within RM4,200–4,800/ton (≈USD 850–950/MT) through 4Q25. Upside risks stem from tighter Indonesian exports and stronger Indian or European demand, while downside pressures may arise from soybean harvest outcomes, crude oil softness, or currency appreciation. This range suggests a market with persistent volatility but a solid structural floor, underpinned by Indonesia's B40 biodiesel program, which already absorbs >50% of domestic CPO and is set to rise further under B50 by 2026, and Malaysia's stagnant output at around 19.5 MMT annually. Together, these factors cap downside risks even in weaker external demand scenarios.

Downstream Integration as a Profitability Driver

More broadly, the industry's trajectory is increasingly tied to downstreaming CPO into refined products. Refinery hubs such as Dumai now operate with scale efficiencies — a 2,000 MT/day refinery typically generates USD 70–120/MT refining margins, compared to upstream cash costs of USD 350–450/MT. This allows producers to capture higher margins from olein, stearin, and PFAD, while aligning with Indonesia's policy push to reduce raw CPO exports. Refined products also enjoy steadier demand across food, oleochemicals, and biodiesel, with IRRs averaging 12–15% and payback periods of 5–6 years, versus 15–20% IRR and 7–9 years in upstream. For investors, the medium-term palm oil story is defined by constrained global supply, rising domestic absorption, and downstream-led integration — trends that favor efficient, sustainable, and value-added producers.

Figure 7. Comparison of Upstream vs. Downstream Palm Oil Operations

Aspect	Upstream (Plantation & Milling)	Downstream (Refining & Derivatives)
Cash Cost (USD/MT)	~350–450/MT (fertilizer, labor, harvesting, milling)	~30–50/MT (refining, logistics, utilities)
Average Selling Price (ASP)	~850–950/MT (linked to CPO futures, RM 4,200–4,800/t)	RBD Olein: ~900–1,000/MT; Stearin: ~800–900/MT; PFAD: ~700–750/MT; Biodiesel-linked: ~1,000–1,050/MT
Gross Margin (per MT)	~400–500/MT, highly cyclical	~70–120/MT, more stable
Capital Intensity	High: ~USD 6,000–7,500/ha for new planting (including land prep, seedlings, infra)	Moderate: ~USD 150–200/MT capacity (e.g., a 2,000 MT/day refinery costs ~USD 300–350m)
IRR (Typical Range)	**15–20%** (high returns if CPO price > USD 900/MT, but volatile)	**12–15%** (lower but more stable, driven by margin spread)
Payback Period	**7–9 years** for new plantations (trees mature at 4–5 yrs, peak at 8–15 yrs)	**5–6 years** for refineries, faster if integrated with trading/logistics
Demand Drivers	Domestic biodiesel (absorbing >50% of CPO use in 2025 under B40 → B50 by 2026), food demand in China & India	FMCG demand (olein), industrial oleochemicals (stearin, PKO), renewable energy (biodiesel, PFAD exports)
Risk Sensitivity	Very high: weather shocks, fertilizer inflation, global CPO price	Moderate: policy shifts (export levies, EUDR compliance), energy prices, margin compression
Strategic Role	Secures raw material supply, high upside leverage to CPO prices	Captures value-add, margin stabilizer, aligned with government downstreaming push

Source: Company, Ajaib Research

BUSINESS DESCRIPTION

Integrated Operations and Strategic Downstream Expansion

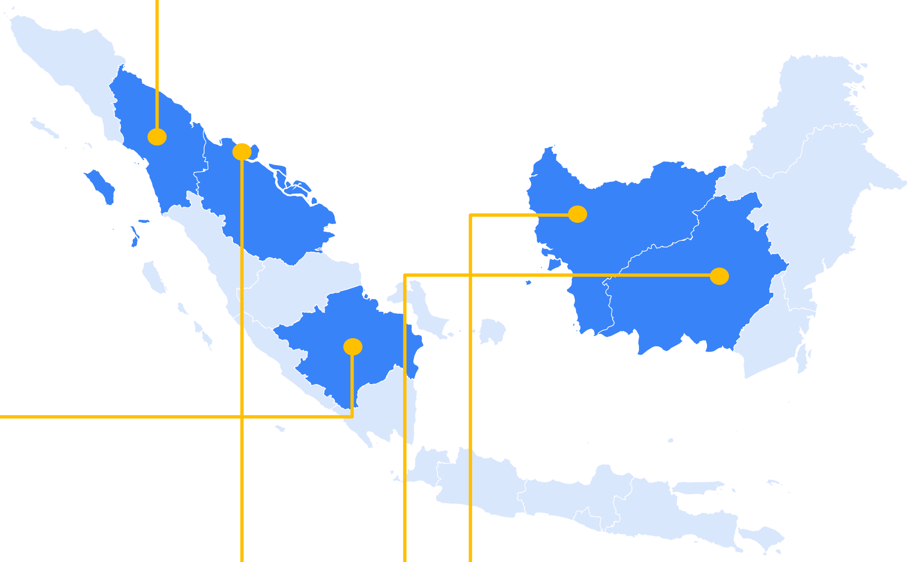
PT Sumber Tani Agung Resources Tbk (STAA) manages 49,728 hectares of planted oil palm area across North Sumatra, South Sumatra, West Kalimantan, and Central Kalimantan, supported by 15 estates, 10 palm oil mills with a combined processing capacity of 495 MT FFB/hour, 1 kernel crushing plant (600 MT/day), 1 solvent extraction plant (500 MT/day), and 1 biogas plant (1 MW). The company's downstream presence is anchored by STAOF Dumai refinery and fractionation facility, with a capacity of 2,000 MT/day and integrated jetty capable of handling vessels up to 50,000 DWT, complemented by 64,000 MT storage tanks, making it a strategic export hub to global markets. North Sumatra remains the production backbone, while expansion into South Sumatra and Kalimantan enhances geographic diversification and risk mitigation. With an average planting age of 13 years, STAA is well-positioned in peak productivity, delivering sustainable yields. The vertically integrated model allows STAA to capture value beyond CPO, producing RBD Olein, Stearin, PFAD, PKO, and biomass energy, aligned with Indonesia's downstreaming mandate and biodiesel blending program (B40 moving to B50 by 2026).

Figure 8. STAA's plantation and production facilities

North Sumatra		
PT KSJA	Dusun II Desa Binjai	Mill + Estate
PT MAL	Desa Sikapas	Estate
PT STAR	Desa Bahal	Estate
PT KAS	Desa Ujung Batu & Desa Sibodak Papaso	Estate
PT STA	Desa Sungai Dua & Desa Batang Pane III	Estate
PT DAL	Desa Batu Mundam	Estate
PT PAL	Desa Selat Beting	Estate
PT JSA	Desa Aek Kota Batu	Estate

South Sumatra		
PT TPAI	Desa Upang Jaya & Kenten Laut	Mill + Estate
PT HSK	Desa Manggar Raya	Estate
PT SAL	Desa Rimau Sungsang	Estate
PT SCK	Desa Kuala Puntian	Estate

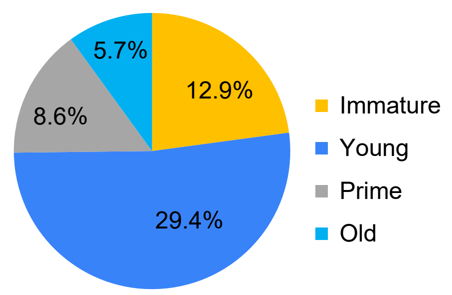
Riau		
STAOF	Lubuk Gaung, Dumai	Refinery + Fractionation + Jetty



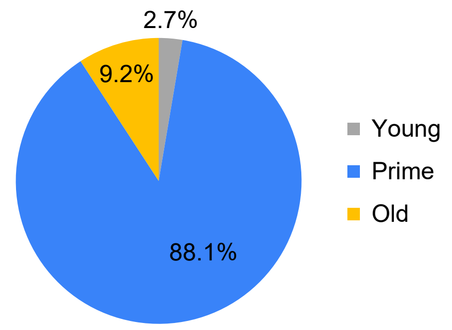
Central Kalimantan		
PT TPA	Desa Tumbang Sepan	Mill + Estate
PT FNP	Desa Bareng Malaka	Estate

West Kalimantan		
PT KSUP	Desa Serat Ayon	Estate
PT PML	Desa Seren Selimbau & Desa Lembah Bawang	Estate

Age Profile 1H25



Production Profile 1H25

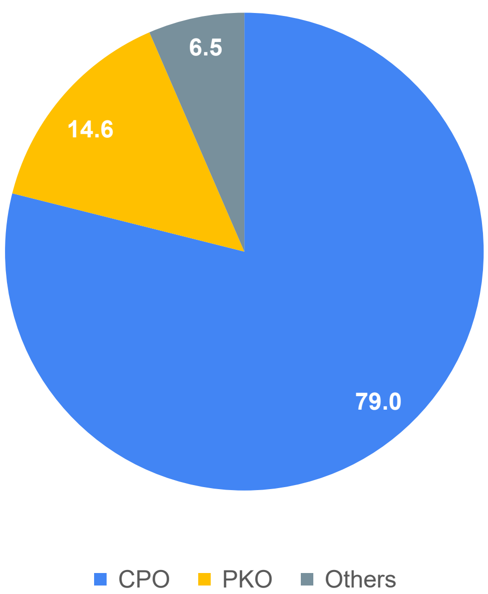


Source: Company, Ajaib Research

Diversified Product Portfolio and Revenue Mix Across Markets

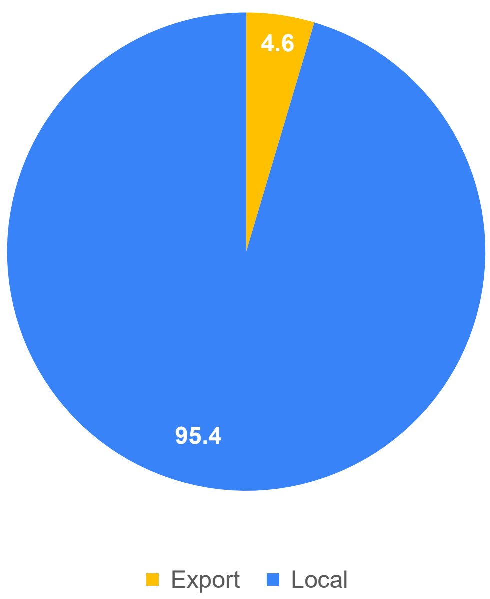
STAA's product portfolio spans upstream, midstream, and downstream palm oil. Core outputs include Crude Palm Oil (CPO) and Crude Palm Kernel Oil (CPKO), which together account for nearly 95% of volumes and contribute around 70% and 25% of revenue respectively, while by-products such as Palm Kernel Expeller (PKE) and Palm Kernel Meal (PKM) add roughly 3% through the feed and biomass segment. Refined products—RBD Palm Olein, RBD Stearin, and PFAD—currently make up about 2% of sales but represent a strategic growth area supported by the Dumai refinery, enabling deeper penetration into food, oleochemical, and biodiesel markets. Revenue is geographically diversified, with ~55% derived from domestic sales—driven by Indonesia's B40 biodiesel mandate and stable cooking oil demand—~35% from regional exports to Asia (notably China, India, Malaysia, and Singapore), and ~10% from the rest of the world, particularly Europe and the Middle East, where ESG compliance and the EUDR framework shape export opportunities. Operational efficiency is reinforced by extraction rates in line with peers (CPO OER ~21.2%, PKO OER ~42%) and PKE yields of 55%, supported by continuous investment in mill automation, yield improvement, and plantation rejuvenation.

Figure 9. STAA's revenue by products, 1H25



Source: Bloomberg, Ajaib Research

Figure 10. STAA's revenue by destination, 2024



Source: Bloomberg, Ajaib Research

Figure 11. STAA's BoC Profiles

Name	Position	Background & Notable Roles	Years of Experience
Board of Commissioners			
 Suwandi Widjaja (69)	President Commissioner	Diploma in Business Management & Administration, Stamford College Singapore (1976). Former President Director of STA Resources (1994–2021). Currently President Director of PT Malibu Indah Lestari and President Commissioner of PT Sumber Tani Agung Resources Tbk.	49+
 Riswan Wijaya (66)	Vice President Commissioner	Diploma of Business Academy, Singapore (1979). Joined PT Sumber Tani Agung Resources Tbk in 1979 and most recently served as Vice President Commissioner. Currently President Director of PT Kedaton Perkasa (since 2003).	40+
 Lele Tanjung (74)	Commissioner	Graduated from Junior High School, Medan (1965). Entrepreneur in palm oil and tapioca flour business; Commissioner of PT Sumber Tani Agung Resources Tbk since 2005 and Commissioner of CV Serasi Jaya Sejati since 1984	40+
 Tan Keng Tong (76)	Commissioner	Bachelor of Engineering, UK (1976). Former Managing Director of Asian Agri and CEO of Corporate Insight Sdn Bhd. Currently Commissioner of PT Sumber Tani Agung Resources Tbk and Director of STA62 Pte Ltd.	50+
 Robby Sumargo (56)	Independent Commisioner	Master's Degree, Woodbury University (1993). Certified Chartered Accountant and Indonesian CPA. Former Partner at Grant Thornton, now Independent Commissioner of PT Sumber Tani Agung Resources Tbk and Managing Partner at Kreston.	30+
 Rudi Ngadiman (58)	Independent Commisioner	Civil Engineering graduate, Tarumanagara University (1989). Former senior executive at Salim Plantation and Sinar Mas Group. Now Independent Commissioner of PT Sumber Tani Agung Resources Tbk.	35+

Source: Company, Ajaib Research

Figure 12. STAA's BoD Profiles

Name	Position	Background & Notable Roles	Years of Experience
Board of Commissioners			
 Mosfly Ang (50)	President Director	Bachelor of Accounting, University of North Sumatra (1997). Former Auditor at Prasetio, Utomo & Co., then Finance Controller and Deputy President Director at PT Sumber Tani Agung Resources. Currently President Director of PT Sumber Tani Agung Resources Tbk.	25+
 Lim Chi Yin (64)	Director	Bachelor of Economics and Accounting, University of Hull (1984). Former Auditor at Ernst & Young London–Singapore, then held senior finance roles at Asian Agri, Domba Mas, and Eagle High Plantations. Currently Director of PT Sumber Tani Agung Resources Tbk.	35+
 Gok Kok Slang (46)	Director	Bachelor of Industrial Management Engineering, ISTP Medan (2000). Built entire career at PT Sumber Tani Agung Resources, progressing from Traction Assistant to Vice President Engineering. Currently Director of PT Sumber Tani Agung Resources Tbk and Chairman of the ESG Committee.	20+
 Bie Jan Jusri (54)	Director	Bachelor of English Literature, Indonesian Methodist University Medan (1994). Career at PT Sumber Tani Agung Resources spanning roles in marketing, procurement, and corporate secretary. Currently serves as Director of PT Sumber Tani Agung Resources Tbk.	30+

Source: Company, Ajaib Research

SUMBER TANI AGUNG OILS & FATS (STAOF) PROFILE

STAOF as the Core of Downstream Integration
The Dumai-based Sumber Tani Agung Oils and Fats (STAOF) refinery, inaugurated in July 2025, is the cornerstone of STAA's downstream integration strategy. Built on a 40-hectare site in Lubuk Gaung, Riau, the facility has a refining and fractionation capacity of 2,000 MT/day, supported by a dedicated jetty (up to 50,000 DWT vessels) and 64,000 MT of storage tanks. STAOF sources the bulk of its CPO input from STAA's estates and mills in North Sumatra and South Sumatra, supplemented by third-party purchases in Riau to optimize feedstock logistics. In its initial ramp-up phase, the refinery is running at an estimated 60–65% utilization, with expectations to reach 80–85% by 2026 as export contracts scale and domestic demand expands. By converting upstream CPO and CPKO into higher-value products such as RBD Olein, RBD Stearin, and PFAD, STAOF captures more stable refining margins of USD 70–120/MT while also lowering logistics costs by internalizing storage and export facilities.

Strategic Positioning for Growth and Resilience
Strategically, STAOF strengthens STAA's alignment with Indonesia's downstreaming mandate, which prioritizes refined exports over raw CPO shipments, while also tapping domestic absorption through the B40 biodiesel program (transitioning to B50 by 2026). The combination of refinery, fractionation, and integrated port access enhances resilience against commodity price swings and enables STAA to penetrate ESG-sensitive markets, particularly Europe under the EU Deforestation Regulation (EUDR). With North Sumatra and South Sumatra estates providing a secure feedstock pipeline, complemented by opportunistic third-party sourcing, STAOF not only ensures stable supply but also maximizes utilization efficiency. As utilization ramps closer to nameplate capacity, the facility is expected to lift refined products' revenue contribution from the current ~2% to mid-to-high single digits, establishing downstream as a structural growth driver and earnings stabilizer for the group.

Figure 13. STAOF refinery and fractination plant

Source: Company, Ajaib Research

Figure 14. STAOF fractination installation

Source: Company, Ajaib Research

Figure 15. STAOF refinery installation

Source: Company, Ajaib Research

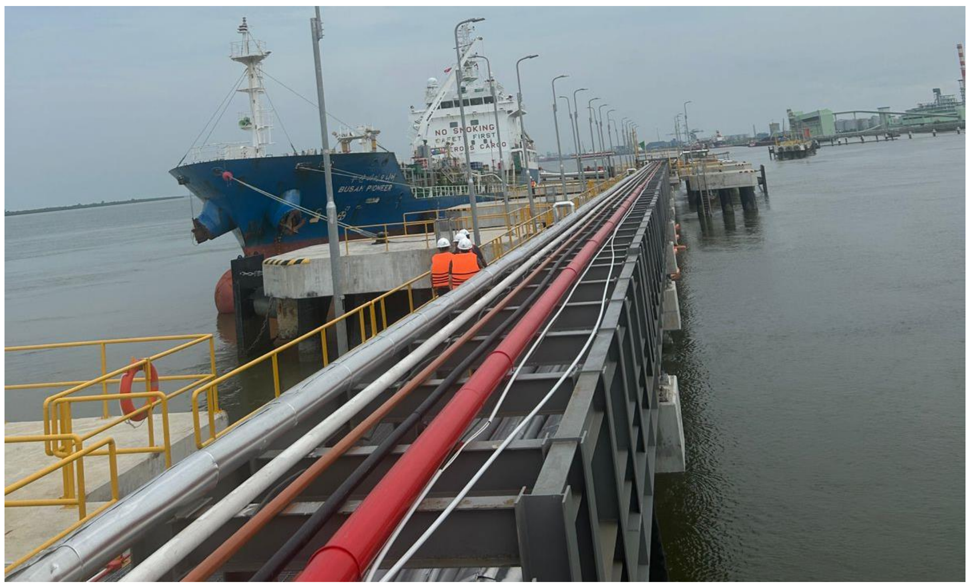
Figure 16. STAOF downstream products

Source: Company, Ajaib Research

Figure 17. STAOF storage tank

Source: Company, Ajaib Research

Figure 18. STAOF dedicated jetty port



Source: Company, Ajaib Research

COMPANY UPDATE

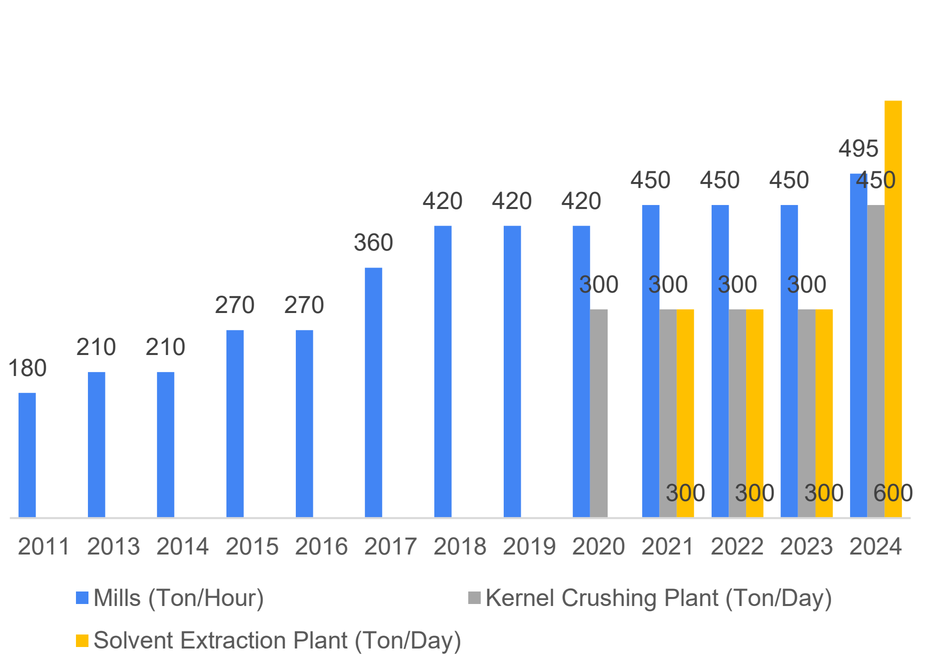
Integrated Plantation Platform and Operational Scale

STAA continues to evolve into a fully integrated agribusiness leader with a clear focus on scalability and sustainability. With 49,728 hectares of plantations spread across North Sumatra, South Sumatra, West Kalimantan, and Central Kalimantan, the company operates 10 palm oil mills with 495 MT/hour total capacity, a 600 MT/day kernel crushing plant, and a 500 MT/day solvent extraction facility. Notably, 88% of the estates are in prime production age, ensuring strong yield potential and stable long-term output. This integrated platform positions STAA to optimize efficiency and capture value at multiple stages of the palm oil supply chain.

Downstream Expansion Through STAOF Dumai

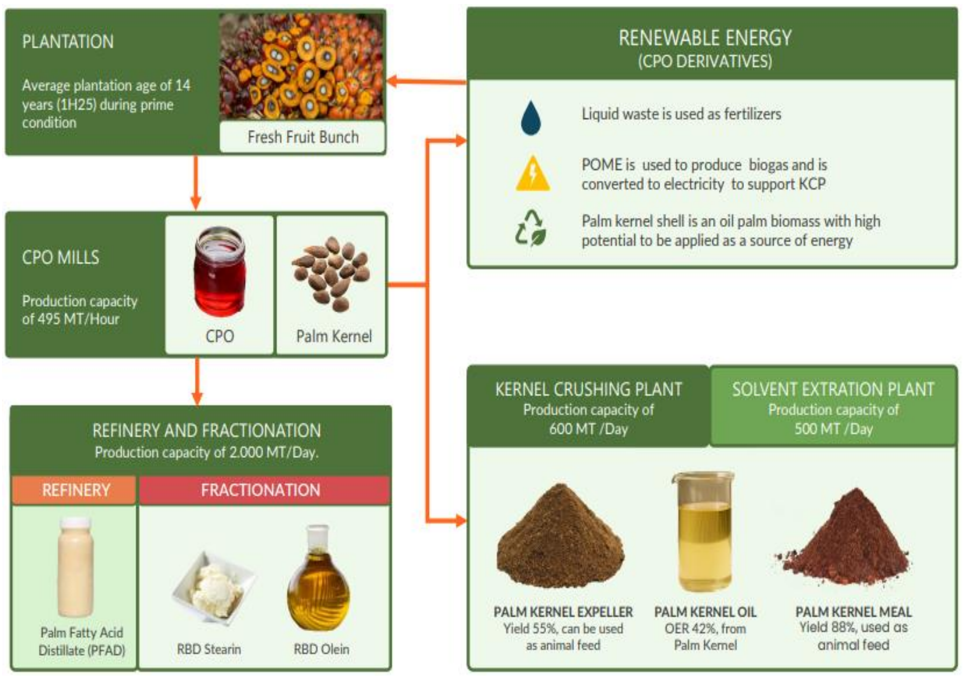
The commissioning of PT Sumber Tani Agung Resources Oils and Fats (STAOF) in Dumai in 2025 marks a pivotal milestone in STAA's downstream journey. The facility, with 2,000 MT/day refining capacity, 64,000 tons of storage, and a dedicated 50,000 DWT jetty, is strategically located to enhance access to global trade routes. This expansion enables STAA to shift further into value-added products such as RBD olein, stearin, and PFAD, which are in high demand across food, oleochemical, and biofuel industries. Looking ahead, Dumai is set to become the anchor hub for STAA's future downstream diversification, including potential entry into specialty fats and renewable palm-based chemicals.

Figure 19. STAA's Capacity Facilities



Source: Company, Ajaib Research

Figure 20. STAA's Integrated Business Process



Source: Company

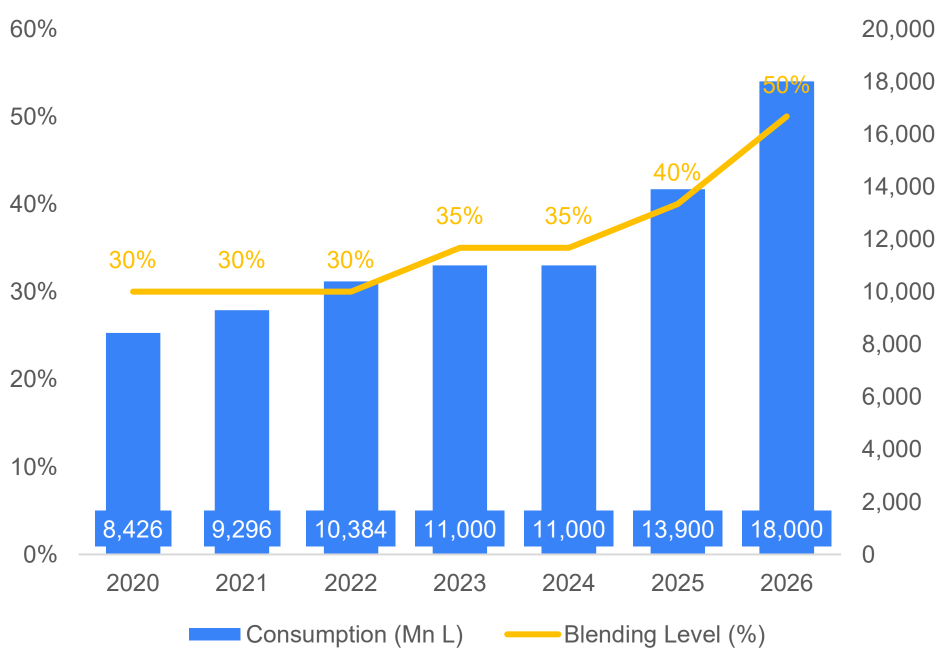
Sustainability and Digital Transformation Initiatives

STAA has achieved 75% ISPO certification as of 2024 and is currently in the process of becoming an RSPO member, reinforcing its commitment to international sustainability standards. At the same time, STAA is implementing circular-economy practices such as biogas power generation (1 MW capacity) and a 600 KWP solar installation at Tebing Tinggi. These initiatives not only reduce environmental impact but also contribute to long-term cost savings. Digital innovation remains another growth lever, with the Green Golden ERP, IoT-based weather monitoring, and drone-assisted plantation management already delivering measurable efficiency gains. Future adoption of AI and predictive analytics is expected to further sharpen productivity and reduce operational risks.

Policy Tailwinds and Strategic Growth Outlook

STAA is well-positioned to benefit from Indonesia's upcoming B50 biodiesel mandate in 2026, which is projected to increase domestic palm oil consumption to 18 million tons annually. This policy tailwind, combined with STAA's prime-age plantations, expanded refining capacity, and sustainability credentials, provides a strong platform for growth. Over the next few years, the company is expected to prioritize downstream scaling, international trading expansion via STA62 in Singapore, and strategic rejuvenation of older estates to secure long-term output. With these initiatives, STAA is on track to solidify its position as one of Indonesia's most competitive and sustainable palm oil companies.

Figure 21. Indonesia's Biodiesel Consumption and Blending Levels Trend



Source: Company, Ajaib Research

Figure 22. STAA's Certification

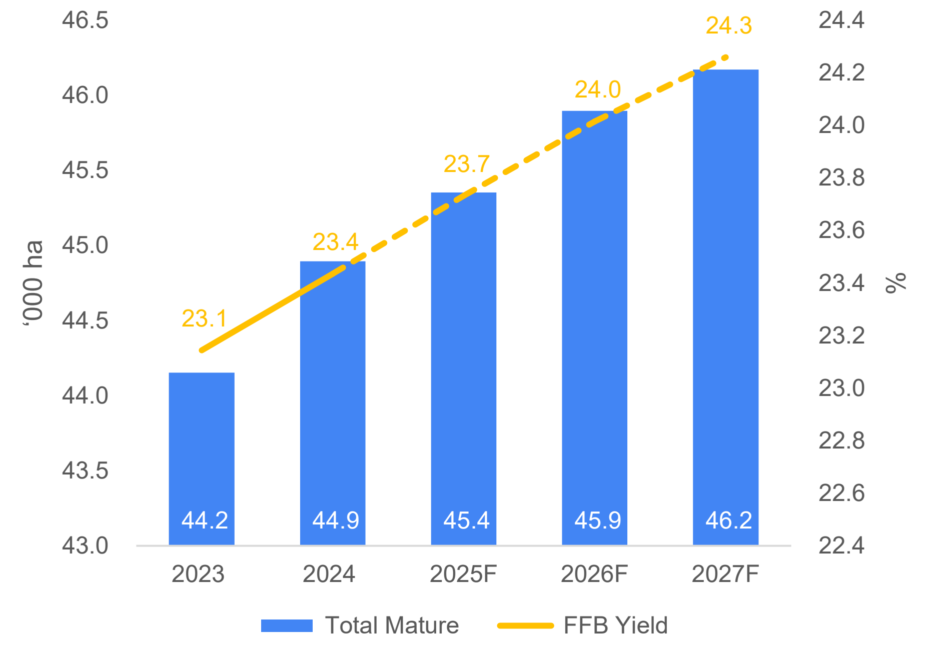
Source: Company

FINANCIAL ANALYSIS

Prime-Age Plantations Driving Growth

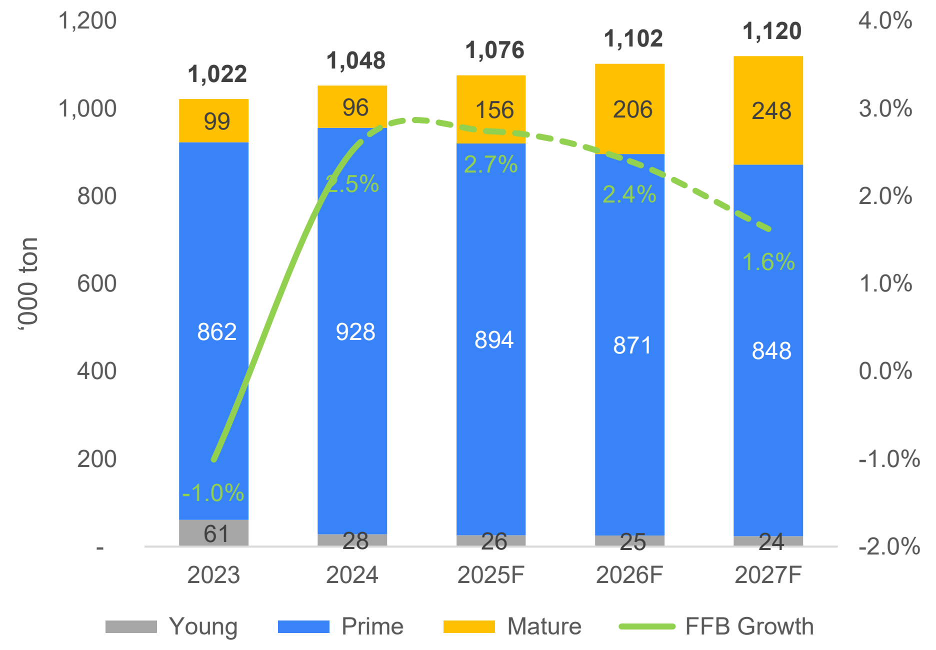
STAA manages 49,728 hectares of planted area as of 2024, with ~85% already mature and contributing to harvest. With an average palm age of 13 years, the group is entering an optimal yield window, where productivity typically peaks between 12–17 years. This demographic profile provides a 3–4 years production tailwind, before replanting cycles gradually lower yields. FFB output is projected to grow at a 2–3% CAGR, reaching ~1.1 million tons by 2026, driven by peak-yield estates in North and South Sumatra and consistent replanting of 500–1000 hectares annually. At a stable OER of ~22.1%, this translates to 420–430k tons of CPO annually, which accounts for ~90% of group volumes. Since upstream remains the revenue backbone, even modest volume growth directly supports topline expansion, with analysts projecting ~10% YoY CAGR into FY25–26 even under flat ASP assumptions.

Figure 23. STAA's Mature Area & FFB Yield



Source: Company, Ajaib Research

Figure 24. STAA's FFB Production

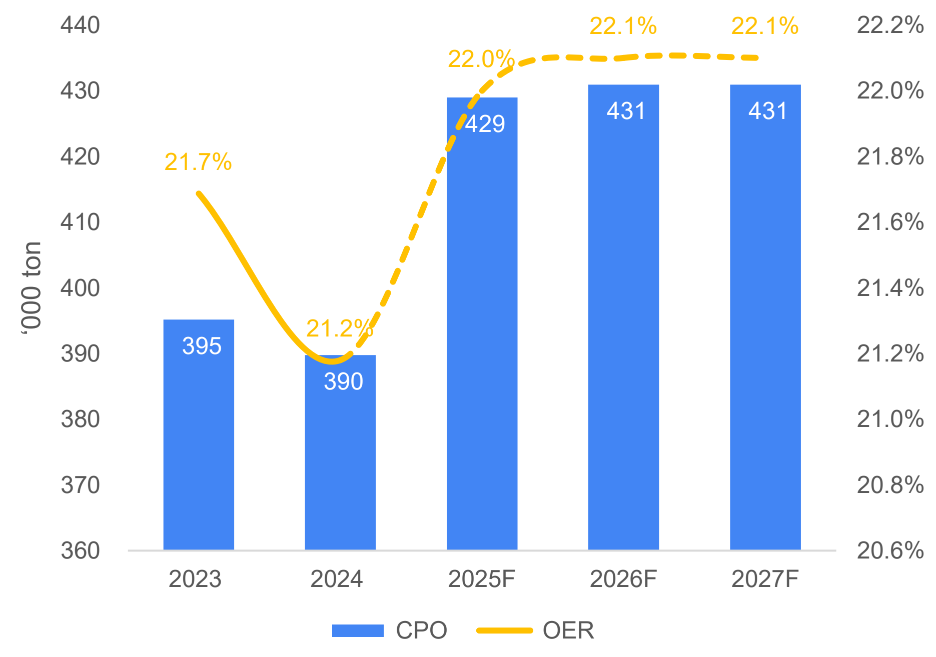


Source: Company, Ajaib Research

Efficiency, Cost Discipline, and Margin Strength

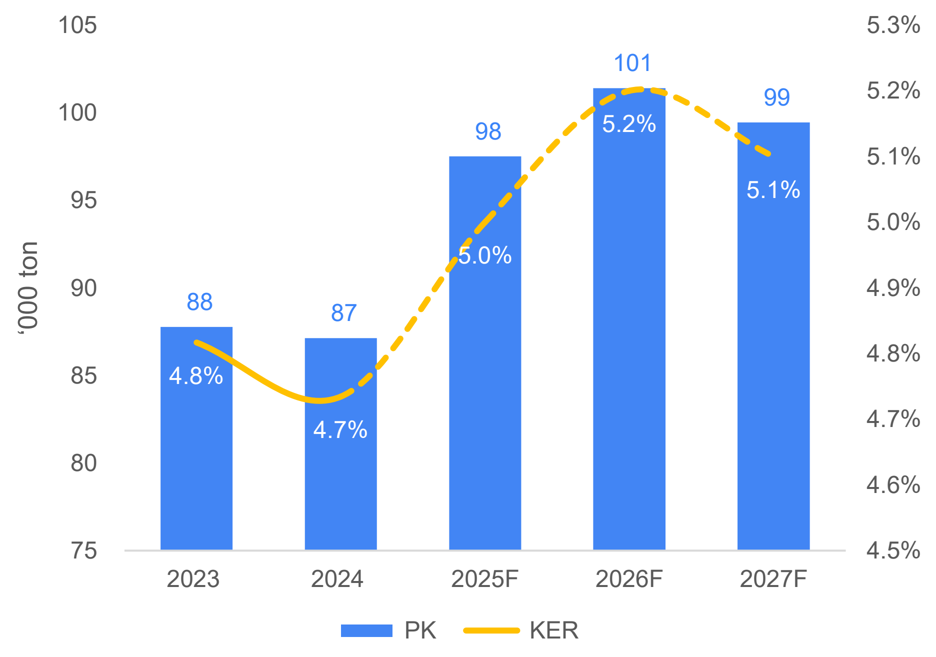
Operational efficiency underpins STAA's competitiveness. With CPO OER at ~21.2% in and KER at ~4.7% in 2024, the company matches Indonesia's top-quartile peers, ensuring steady conversion of FFB into marketable oil. In addition, Palm Kernel Expeller (PKE) volumes of 95–100k tons annually generate recurring revenue streams into the feed and biomass sectors, diversifying cash flow sources. On the cost side, STAA's upstream cash costs of USD 350–370/MT CPO position the group in the industry's second quartile, lower than many Malaysian peers. This cost discipline is critical when CPO ASPs fluctuate in the RM4,200–4,800/MT band, providing a resilient margin buffer. With gross margins expected to stabilize at 37–40%, the ongoing ramp-up of downstream operations should further expand group EBITDA margins by ~200–250 bps by 2026, enhancing profitability and cushioning volatility in upstream earnings.

Figure 25. STAA's CPO Production Volume



Source: Company, Ajaib Research

Figure 26. STAA's Palm Kernel Production Volume



Source: Company, Ajaib Research

Figure 27. STAA's Peers Operational Comparison

Company	STAA	LSIP	SMAR	SIMP	AALI	DSNG	ANJT	TAPG	CSRA	Bumitama	Golden Agri
Average Age (years)	13	21	20	19	16	15	13	12	12	14	15
OER (%)	21.2	21.7	20.3	20.6	19	23.9	19.9	23.1	21	22	20.4
Yield (ton/ha)	24	13	21.6	12.5	15.5	20.8	18.4	23	18.3	18.3	18.9

Source: Company, Ajaib Research

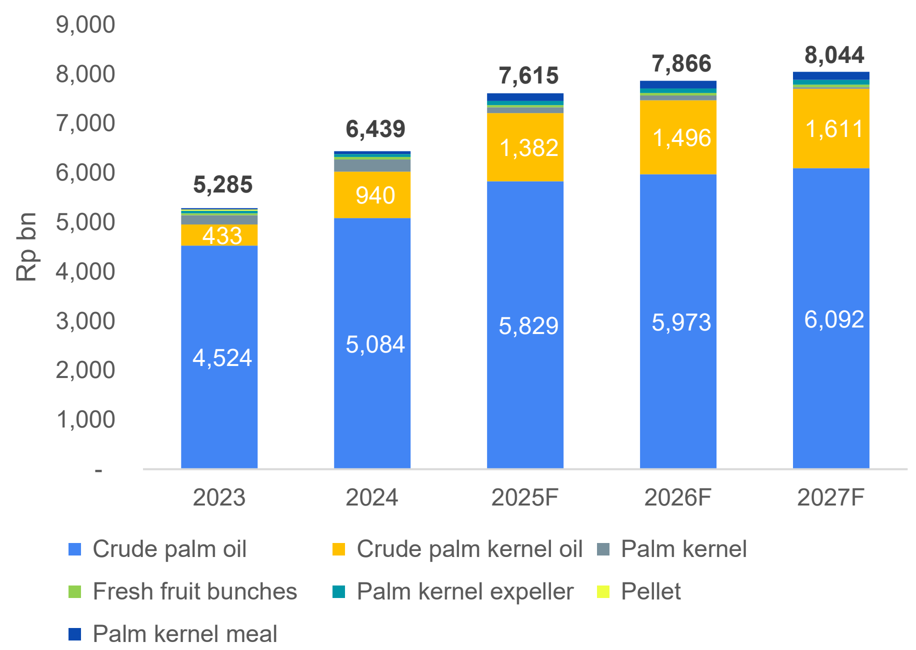
Dumai Refinery: Shifting to Value-Added Earnings

The launch of the Dumai refinery, STAOF, with a nameplate capacity of 2,000 tons/day (600k tpa), is transforming STAA's earnings profile. Initially operating at ~65% utilization in 2025, the facility is expected to ramp up toward 80–85% by 2026, equivalent to 520–560k tons processed annually. By channeling internally produced CPO into refined outputs such as RBD Olein, RBD Stearin, and PFAD, STAA captures higher-margin opportunities while aligning with Indonesia's push to limit raw CPO exports. With refining spreads averaging USD 70–120/MT, refined products' contribution to group revenues is projected to rise from ~5% in FY24 to 8–10% by FY27, structurally diversifying earnings. This expansion could generate ~Rp500–600 billion in incremental annual revenue and ~Rp100–150 billion in EBITDA, while reducing exposure to volatile raw CPO markets.

Capex Normalization and Strong Free Cash Flow

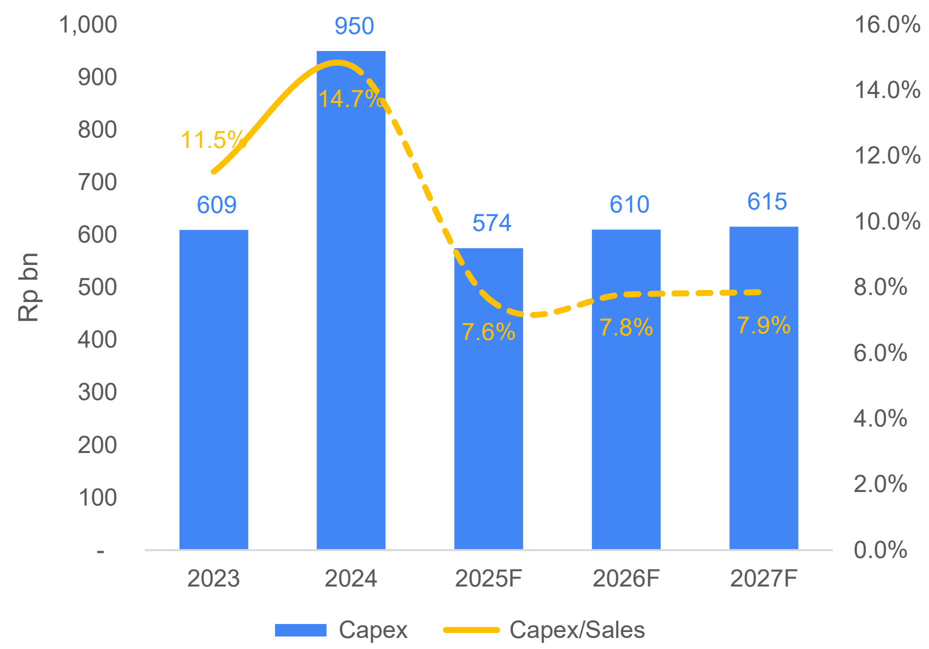
The construction of STAOF, with an estimated investment of USD 200–220 million, temporarily raised capex intensity, but returns remain compelling at an IRR of 14–16% and a payback period of 6–7 years. With the refinery now operational, annual capex requirements are projected to normalize to Rp500–600 billion (USD30–50 million), allocated to replanting, mill automation, and ESG-linked projects. Against this backdrop, STAA is expected to generate annual operating cash flows of Rp1.5–1.7 trillion, comfortably funding both maintenance capex and shareholder returns. Free cash flow (post-capex) is projected at Rp900 billion–1.1 trillion annually, providing headroom for dividends and opportunistic investments. Dividend payout ratios are likely to remain in the 25–30% of net profit range, balancing growth reinvestment with shareholder yield.

Figure 28. STAAs Revenue Breakdown Projections



Source: Company, Ajaib Research

Figure 29. STAA's Capex Projections

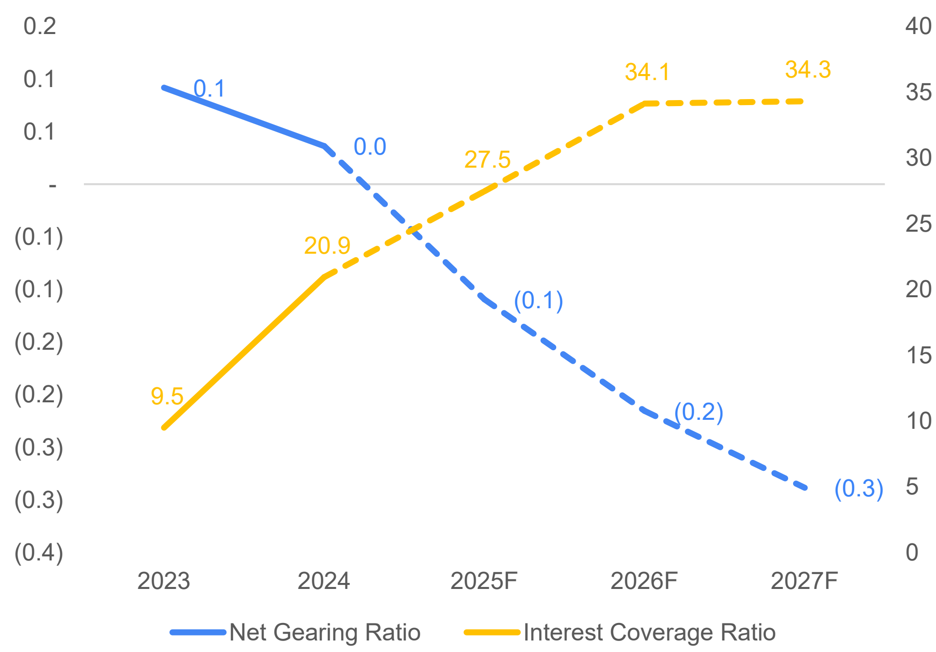


Source: Company, Ajaib Research

Solid Balance Sheet and Strategic Flexibility

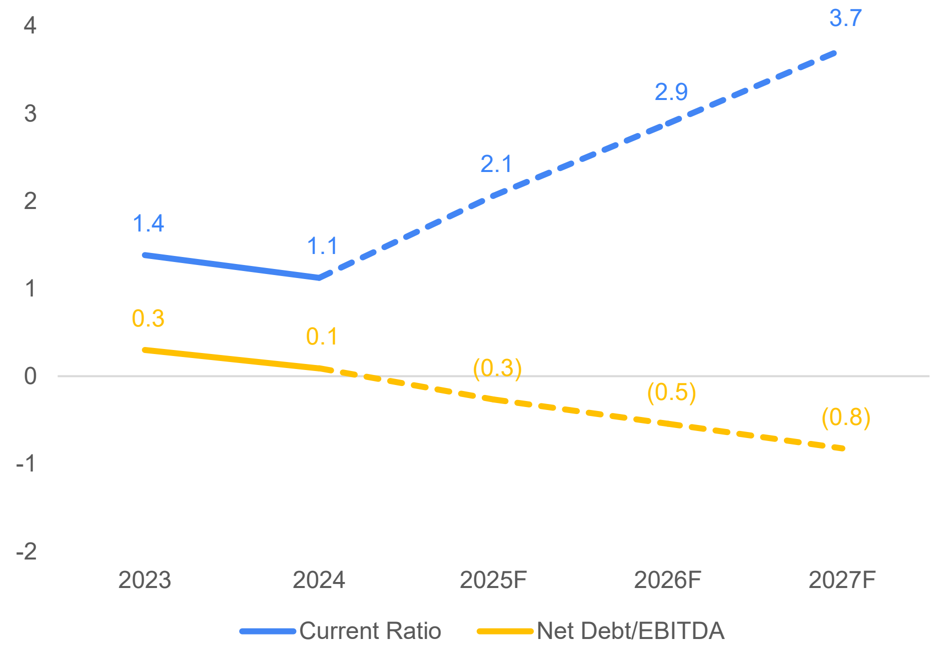
Financially, STAA remains conservatively positioned, with net gearing of 0.3–0.4x and a current ratio above 1.5x, signaling healthy liquidity. The ramp-up of STAOF is expected to further enhance leverage metrics, as incremental EBITDA improves coverage ratios and reduces net debt/EBITDA over time. Importantly, strong recurring cash generation ensures the group can self-fund most of its expansion without significant new borrowings. This prudent financial structure not only provides resilience against commodity downcycles but also gives STAA strategic flexibility to pursue bolt-on acquisitions or downstream partnerships. As industry consolidation accelerates, particularly in refining and biodiesel integration, STAA's balance sheet capacity could be a competitive advantage in capturing inorganic growth opportunities.

Figure 38. STAA's Solvability Projections



Source: Company, Ajaib Research

Figure 31. STAA's Liquidity Projections



Source: Company, Ajaib Research

VALUATION

DCF Valuation and Earnings Visibility

We value STAA with a DCF-based target price of Rp1,700/share, implying 2026F P/E of 11.1x. At the current market cap of ~Rp12.0tn, the stock trades broadly in line with the sector on P/E (8.1x) but at a modest discount on EV/EBITDA (4.0x). Our DCF, using a 13.1% WACC and 1% terminal growth, yields an equity value of Rp18.8tn. Earnings visibility is strong, with EBIT steady at ~Rp2.3tn over 2026F–27F, underpinned by ~1.1mn tons FFB, ~430k tons CPO output, and OER improvements to ~22.1–22.2%. Free cash flow is projected at IDR1.8–1.9tn annually, sufficient to fund normalized capex of IDR500–800bn and maintain a 25–30% dividend payout, while net gearing stays conservative at 0.3–0.4x.

Margin Upside and Defensive Positioning

Margins are expected to hold at 18–20%, with downstream expansion via STAOF projected to lift EBITDA margins by 200–300 bps by 2026F, enhancing resilience against CPO price swings. With its integrated upstream-downstream model, STAA benefits from stable pricing spreads and recurring by-product revenue. Risks stem from potential weather disruptions, estate productivity fluctuations, and regulatory pressures on exports, but strong cash flow visibility, balance sheet headroom, and a valuation discount to premium peers (e.g., AALI, SSMS) position STAA as an attractive plantation play with defensive earnings quality.

Figure 32. DCF Valuation

DCF (Rp bn)	2026F	2027F	2028F	2029F	2030F
EBIT	2,655	2,772	2,903	3,057	3,176
Income tax expense	-378	-395	-413	-435	-452
Capex	-610	-615	-637	-667	-667
Depreciation & amortization	412	438	463	491	529
Change in WC	-13	-29	-7	-35	29
FCFF	**2,066**	**2,172**	**2,309**	**2,411**	**2,615**
Total enterprise value					**18,033**
Cash (+)					2,207
Debt (-)					-1,419
Equity value (Rp bn)					**18,821**
Number of shares (bn)					10.9
Target price (Rp)					**1,700**

Source: Ajaib Research

Figure 33. STAA's Key Assumption

Key Assumption	2024	2025F	2026F	2027F
Total FFB Production(ton)	1,047,629	1,076,340	1,102,178	1,120,094
FFB Yield (Ton/ha)	23.4	23.7	24.0	24.3
CPO productions volume (Ton)	389,765	429,000	430,950	430,950
OER	21.2%	22.0%	22.1%	22.1%
PK productions volume (Ton)	87,126	97,500	101,400	99,450
KER	4.7%	5.0%	5.2%	5.1%

Source: Company, Ajaib Research

Figure 34. Peers Valuation Comparison (2026F)

Ticker	Mkt Cap (Rp tn)	P/E (x)	P/B (x)	EV/EBITDA (x)	ROE (%)	EPS Growth (%)	Div Yield (%)
STAA	12.05	11.1	2.6	6.6	23.9	30.7	6.9
TAPG	18.46	5.8	1.6	3.4	28.2	10.3	10.7
AALI	11.36	10.2	0.5	2.9	4.7	-11.3	6.3
LSIP	8.49	6.0	0.6	0.3	11.0	0.9	6.5
DSNG	8.37	6.4	0.8	3.6	12.1	14.1	3.9
SSMS	13.34	9.7	4.4	8.0	40.1	30.6	2.8
Sector Average		**8.2**	**1.8**	**4.1**	**20.0**	**12.6**	**6.2**

Source: Bloomberg, Ajaib Research

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Financial Statement

Income Statement (Rp bn)	2023	2024	2025F	2026F	2027F
Revenue	**5,285**	**6,439**	**7,615**	**7,866**	**8,044**
Cost of revenue	-3,876	-4,256	-4,776	-4,776	-4,803
Gross Profit	**1,409**	**2,183**	**2,839**	**3,089**	**3,241**
OpEx	-357	-316	-428	-435	-469
Operating Profit	**1,052**	**1,867**	**2,411**	**2,655**	**2,772**
EBITDA	1,370	2,192	2,795	3,067	3,210
Other Income (Expenses)	5	7	10	10	10
Net Interest Expense	-49	-44	-28	27	68
Share of JV	1	2	3	4	5
Pre-tax profit	**1,008**	**1,833**	**2,396**	**2,696**	**2,855**
Income Tax	-225	-377	-493	-554	-587
NPAT	**783**	**1,456**	**1,904**	**2,142**	**2,268**
Minority Interest	-100	-172	-225	-253	-268
Net Profit	**683**	**1,284**	**1,679**	**1,889**	**2,000**

Cashflow Statement (Rp bn)	2023	2024	2025F	2026F	2027F
Net Profit	683	1,284	1,679	1,889	2,000
D&A	318	324	384	412	438
Changes in Working Capital	-36	-345	123	-19	-35
Operating Cash Flow	**965**	**1,264**	**2,186**	**2,282**	**2,404**
Capital Expenditure	-609	-950	-574	-610	-615
Changes in other assets	-87	56	-91	-19	-14
Investing Cash Flow	**-696**	**-893**	**-666**	**-629**	**-629**
Net - Borrowing	-307	73	-98	-108	-13
Dividend Payment	-502	-294	-566	-732	-827
Other Financing	-21	136	32	7	5
Financing Cash Flow	**-830**	**-85**	**-632**	**-832**	**-835**
Net - Cash Flow	-561	285	888	820	940
Cash at beginning	1,594	1,033	1,318	2,207	3,027
Cash at ending	**1,033**	**1,318**	**2,207**	**3,027**	**3,966**

Balance Sheet (Rp bn)	2023	2024	2025F	2026F	2027F
Cash & equivalents	1,033	1,318	2,207	3,027	3,966
Receivables	94	260	155	157	183
Inventories	245	386	386	408	413
Others	187	407	481	497	508
Total Current Assets	**1,559**	**2,372**	**3,228**	**4,088**	**5,070**
Fixed Assets	4,381	5,002	5,193	5,391	5,567
Other Non-Current Assets	741	709	801	820	834
Total Non-Current Assets	**5,122**	**5,712**	**5,993**	**6,211**	**6,401**
Total Assets	**6,681**	**8,084**	**9,221**	**10,299**	**11,471**
ST. Debt	460	682	452	418	414
Payables	137	139	169	180	182
Other current Liability	150	353	418	431	441
Total Current Liability	**747**	**1,174**	**1,039**	**1,029**	**1,038**
LT.Debt	983	836	967	893	885
Other LT Liabilities	147	174	206	212	217
Total Non-Current Liability	**1,130**	**1,009**	**1,172**	**1,106**	**1,102**
Total Liability	**1,877**	**2,184**	**2,211**	**2,135**	**2,140**
Total Equity	**4,804**	**5,900**	**7,010**	**8,163**	**9,332**
Total LiabilitiesEquity	**6,681**	**8,084**	**9,221**	**10,299**	**11,471**

Key Ratios	2023	2024	2025F	2026F	2027F
Gross Profit Margin (%)	26.7	33.9	37.3	39.3	40.3
EBITDA Margin (%)	25.9	34.0	36.7	39.0	39.9
Net Profit Margin (%)	12.9	19.9	22.0	24.0	24.9
Revenue Growth (%)	-12.6	21.8	18.3	3.3	2.3
EBITDA Growth (%)	-32.5	60.0	27.6	9.7	4.7
Debt to Equity (x)	0.2	0.2	0.2	0.1	0.1
Net Gearing (x)	0.1	0.0	-0.1	-0.2	-0.3
EPS (Rp)	62.5	117.6	153.7	172.9	183.0
Dividend Yield (%)	2.4	4.7	6.1	6.9	7.2

Source: Company, Ajaib Research

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Rating for Sectors:
Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.
Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.
Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:
Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.
Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.
Sell : The stock is expected to give total return of < 0% 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"

Analyst Certification:
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