# Sawit Sumbermas Sarana (SSMS IJ)

Strong 1H26 Profit, Momentum Guided To Carry Into Year-end

## Highlights

- **Integrated producer, prime-age estate.** SSMS runs a compact estate base in Central Kalimantan at an average age of 15.8 years, with one of the sector's highest yields and extraction rates.
- **Strong 1H26 profit, momentum into year end.** 1H26 net profit reached Rp904b (+31% yoy) on higher FFB production of 25% yoy. Management guides 2H26 production to be 5-6% above 1H26, with further upside from higher CPO prices.
- **Mid-single-digit PE with high potential dividend yield.** The stock trades at an EV/ha of Rp198m, (~27% below TAPG) and at an undemanding 5.6x PE on annualised 1H26 profit. A payout in line with the 55-69% paid over the past two years would imply a 10.0-12.6% dividend yield.

## Analysis

- **An integrated palm oil producer in Central Kalimantan.** Sawit Sumbermas Sarana (SSMS) has 94,963ha planted, with an average age of 15.8 years, in three adjacent blocks. These are within 1.0-3.5 hours of Pangkalan Bun and served by 10 mills (670 tonnes/hour capacity). This compact footprint keeps logistics efficient and supports solid productivity, with a blended FFB yield of 1.9 tonnes/ha/month (peer average at 1.5) and an oil extraction rate (OER) of 22.6% (peer average at 21.5%) in 1H26. SSMS moved downstream in Dec 23, acquiring 52.6% of refiner Citra Borneo Utama (CBUT) from its parent via a Rp3.5t loan conversion; this lifted its group stake to 78.2%. This gave it a 2,500 tonnes/day refinery and fractionation plant and a 600 tonnes/day kernel crushing plant, producing refined, bleached and deodorised palm oil (RBDPO), olein, stearin, palm fatty acid distillate (PFAD), crude palm kernel oil, palm kernel expeller and packaged cooking oil. In Nov 25, it bought 63.4% of Sawit Mandiri Lestari (SML) for Rp1.6t, adding 12,000ha of younger estates (~8.5 years).
- **Strong 1H26 profit, led by upstream volume, with optimism towards year-end.** SSMS delivered a strong 1H26 net profit of Rp904b (+31% yoy) on higher revenue of 36.5% yoy, with 2Q26 net profit of Rp586b (+84% qoq, +67% yoy). Beyond firm CPO prices, growth came from its own FFB production, which rose 25% yoy to 1m tonnes in 1H26 with support from the recently acquired estates from SML. It is also worth noting that group revenue to related parties fell from 36% in 1H25 to only 1% in 1H26, as SSMS sold less refined products into the group and more crude to third parties, most likely to capture the high CPO prices. Management stays constructive on 2H26, guiding production to be 5-6% above 1H26 on better fertiliser application earlier in the year, with further upside from prices as CPO futures sit near RM4,741/tonne (vs 1H26 average of RM4,329/tonne).

## Key Financials

| Year to 31 Dec (Rpb) | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Net turnover | 5,203 | 11,240 | 10,703 | 10,367 | 14,813 |
| EBITDA | 2,112 | 3,475 | 1,596 | 2,274 | 3,082 |
| Operating profit | 1,799 | 2,887 | 1,177 | 1,826 | 2,558 |
| Net profit (rep./act.) | 1,516 | 1,837 | 512 | 820 | 1,161 |
| EPS (Rp) | 159.1 | 192.9 | 53.8 | 86.0 | 121.9 |
| PE (x) | 6.5 | 5.4 | 19.3 | 12.1 | 8.5 |
| P/B (x) | 1.6 | 4.9 | 5.6 | 3.8 | 4.3 |
| EV/EBITDA (x) | 9.2 | 5.6 | 12.2 | 8.6 | 6.3 |
| Dividend yield (%) | 7.7 | 14.4 | 0.9 | 4.5 | 8.1 |
| Net margin (%) | 29.1 | 16.3 | 4.8 | 7.9 | 7.8 |
| Net debt/(cash) to equity (%) | 72.7 | 261.9 | 353.3 | 207.9 | 256.6 |
| Interest cover (x) | 3.5 | 4.9 | 1.9 | 3.2 | 4.3 |
| ROE (%) | 27.8 | 45.5 | 27.2 | 37.4 | 47.4 |

*Source: SSMS, Bloomberg, UOB Kay Hian*

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## NOT RATED

| | |
|---|---|
| Share Price | Rp1,040 |
| Target Price | n.a. |
| Upside | n.a. |

## Stock Data

| | |
|---|---|
| Sector | Consumer Staples |
| Bloomberg ticker | SSMS IJ |
| Shares issued (m) | 9,525 |
| Market cap (Rpb) | 9,906 |
| Market cap (US$m) | 560 |
| 3-mth avg daily t'over (US$m) | 0.6 |

## Price Performance (%)

| 52-week high/low | | | | Rp1920/Rp650 |
|---|---|---|---|---|
| 1mth | 3mth | 6mth | 1yr | YTD |
| 18.2 | 27.6 | (19.1) | (28.8) | (32.2) |

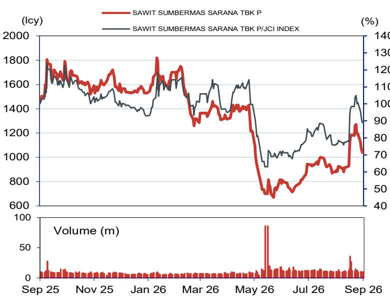
## Major Shareholders (%)

| | |
|---|---|
| Citra Borneo Indah | 65.83 |
| Putra Borneo Agro Lestari | 29.16 |
| Public | 5.01 |

## Balance Sheet Metrics

| | |
|---|---|
| FY26 NAV/Share | n.a. |
| FY26 Net Debt/Share | n.a. |

## Price Chart




*Source: Bloomberg*

## Company Description

Sawit Sumbermas Sarana is an integrated palm oil producer in Central Kalimantan, with 94,963ha planted and 10 mills. It is part of the Citra Borneo Indah group and owns 70.22% of refiner CBUT, giving it refining, fractionation and kernel crushing capacity alongside its estates.

- **Cost discipline under new management.** From the analyst meeting, it appears the new management has placed a visible focus on cost control, through stricter fuel-theft enforcement, pooled vehicles, and a more disciplined application of fertiliser. Although fertiliser prices rose to 20% and diesel surged, overall cost growth was contained, and gross margin in 1H26 improved to 39.1% from 35.9%. The compression in operating margin to 17.5% from 20.7% came instead from items outside the company's control, with export tax and levy lifting selling expenses to 16% of sales from 9%, while G&A itself fell to 5.9% from 6.6%.
- **No replanting planned; growth by acquisition.** Management sees no case for replanting while the oldest 21-22-year-old blocks still yield around 22 tonnes/ha. The focus is instead on mechanising the harvest of tall palms. Scale is being added by acquisition, most recently 63.4% of SML for Rp1.6t, with management indicating it remains open to further deals.
- **High leverage, but cheaply funded.** Net gearing has run above 2x ever since CBUT was consolidated, rising again in 2025 following the SML acquisition, and stood at 3.1x in 1H26. Nevertheless, management says funding remains cheap, with a US dollar facility at 5.75% and rupiah facilities averaging around 7.7%.

## Valuation

- **Mid-single-digit PE with high potential dividend yield.** The company currently trades at an EV/ha of Rp198m, (~27% below TAPG's Rp271m though at a slight premium to the peer average of ~Rp188m) likely justified by its high productivity and dividend yield. Annualising 1H26 profit, the stock trades at an undemanding 5.6x PE, and assuming a payout in line with the 55-69% paid over the past two years, that implies a 10.0-12.6% dividend yield.

### Peer Comparison

| Ticker | Price 10-Sep-26 (Rp) | Market Cap (US$m) | 3M Avg Turnover (US$m) | PE TTM (x) | PBV Current (x) | ROE TTM (%) | Div. Yield TTM (%) | Net Gearing (%) |
|---|---|---|---|---|---|---|---|---|
| SSMS | 1,040 | 560 | 0.6 | 7.21 | 4.1 | 56.6 | 8.1 | 256.6 |
| TAPG | 2,210 | 2,479 | 2.0 | 10.8 | 3.8 | 35.4 | 9.1 | (8.8) |
| NSSS | 800 | 1,076 | 0.5 | 28.7 | 8.4 | 29.4 | 0.6 | 51.7 |
| DSNG | 1,595 | 955 | 0.4 | 8.8 | 1.4 | 16.1 | 3.0 | 30.2 |
| AALI | 8,600 | 935 | 0.6 | 8.9 | 0.7 | 7.8 | 5.3 | (11.4) |
| LSIP | 1,710 | 660 | 0.8 | 6.5 | 0.8 | 14.4 | 4.9 | -54.3 |
| BWPT | 120 | 214 | 1.8 | 9.4 | 1.3 | 13.4 | n.a. | 154.2 |
| PSGO | 195 | 208 | n.a. | 9.1 | 1.3 | 14.4 | 3.1 | -4.5 |
| CSRA | 755 | 87 | n.a. | 6.0 | 1.0 | 16.2 | 1.6 | 39.6 |

| Company | Avg age | FFB Yield (t/ha) (2025) | OER(%) (2025) | KER(%) (2025) | EV/ha (Rp mn) |
|---|---|---|---|---|---|
| SSMS | 15.8 | 19.3 | 22.1 | 4.4 | 198 |
| TAPG | 14 | 24.4 | 23.3 | 4.9 | 271 |
| NSSS | 11.5 | 20 | 22.2 | 4.8 | 678 |
| DSNG | 15 | 21.4 | 23.3 | 4.4 | 173 |
| AALI | 16.7 | 14.6 | 19.2 | 4 | 41 |
| LSIP | 19 | 13.4 | 21.9 | 6.1 | 30 |
| BWPT | 18 | 12.5 | 23.3 | 4.5 | 98 |
| PSGO | 11 | 17.3 | 18.2 | 2.8 | 115 |
| CSRA | 11.7 | 20.1 | 20.7 | 4.7 | 100 |

*Source: Bloomberg, UOB Kay Hian, Respective companies*

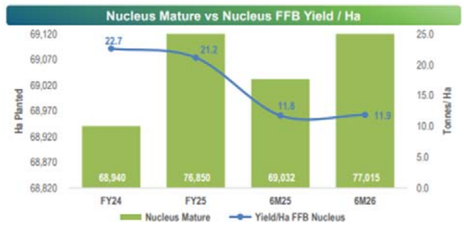
## Risk/Catalyst

- **Risks:** CPO price volatility, cost inflation from fertiliser and energy, El Nino production disruption, related party transactions, high leverage, and policy changes.

### Location Overview

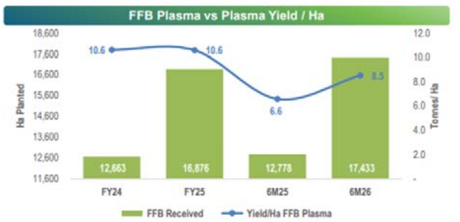

*Source: SSMS, UOB Kay Hian*

### Nucleus FFB Yield/Ha



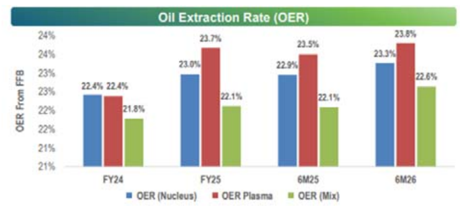

*Source: SSMS, UOB Kay Hian*

### Plasma FFB Yield/Ha



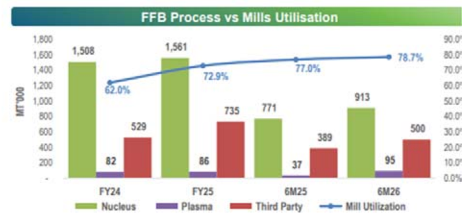

*Source: SSMS, UOB Kay Hian*

### Oil Extraction Rate



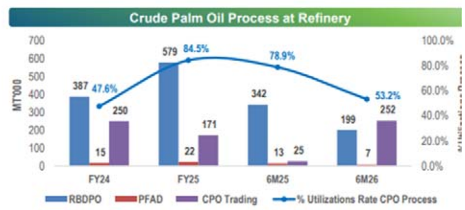

*Source: SSMS, UOB Kay Hian*

### FFB Process and Mill Utilisation




*Source: SSMS, UOB Kay Hian*

### CPO Process at Refinery




*Source: SSMS, UOB Kay Hian*

## Profit & loss

| Year to 31 Dec (Rpb) | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Net turnover | 11,240 | 10,703 | 10,367 | 14,813 |
| EBITDA | 3,475 | 1,596 | 2,274 | 3,082 |
| Deprec. & amort. | 589 | 418 | 448 | 523 |
| EBIT | 2,887 | 1,177 | 1,826 | 2,558 |
| Total other non-operating income | (348) | (109) | (151) | (131) |
| Associate contributions | 1 | 2 | 3 | 4 |
| Net interest income/(expense) | (574) | (516) | (461) | (500) |
| Pre-tax profit | 1,965 | 552 | 1,213 | 1,927 |
| Tax | (490) | (208) | (381) | (535) |
| Minorities | (11) | (6) | (25) | (42) |
| Net profit | 1,837 | 512 | 820 | 1,161 |

## Balance Sheet

| Year to 31 Dec (Rpb) | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Fixed assets | 4,861 | 5,058 | 5,012 | 6,047 |
| Other LT assets | 1,637 | 1,869 | 1,647 | 1,635 |
| Cash/ST investment | 1,807 | 1,237 | 1,180 | 874 |
| Other current assets | 2,832 | 3,780 | 4,032 | 5,027 |
| Total assets | 11,137 | 11,944 | 11,871 | 13,584 |
| ST debt | 2,466 | 3,365 | 3,224 | 2,765 |
| Other current liabilities | 1,707 | 1,421 | 1,527 | 1,848 |
| LT debt | 4,697 | 4,926 | 3,954 | 5,658 |
| Other LT liabilities | 223 | 236 | 282 | 371 |
| Shareholders' equity | 2,006 | 1,757 | 2,622 | 2,278 |
| Minority interest | 38 | 239 | 263 | 664 |
| Total liabilities & equity | 11,137 | 11,944 | 11,871 | 13,584 |

## Cash Flow

| Year to 31 Dec (Rpb) | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Operating | 2,442 | 624 | 993 | 1,097 |
| Pre-tax profit | 1,965 | 552 | 1,213 | 1,927 |
| Tax | (490) | (208) | (381) | (535) |
| Deprec. & amort. | 589 | 418 | 448 | 523 |
| Working capital changes | (774) | 423 | (19) | (144) |
| Non-cash items | 1,153 | (561) | (268) | (674) |
| Investing | (710) | (1,451) | 91 | (1,902) |
| Capex (growth) | (267) | (308) | (245) | (416) |
| Investments | 0 | 0 | 0 | 0 |
| Others | (443) | (1,143) | 336 | (1,486) |
| Financing | (1,910) | 257 | (1,141) | 499 |
| Dividend payments | (3,883) | (711) | 0 | (450) |
| Issue of shares | 0 | 0 | 0 | 0 |
| Proceeds from borrowings | 7,009 | 6,333 | 5,101 | 9,536 |
| Loan repayment | (3,561) | (5,363) | (6,332) | (8,552) |
| Others/interest paid | (1,475) | 150 | 89 | (36) |
| Net cash inflow (outflow) | (178) | (570) | (57) | (306) |
| Beginning cash & cash equivalent | 1,833 | 1,807 | 1,237 | 1,180 |
| Ending cash & cash equivalent | 1,807 | 1,237 | 1,180 | 874 |

## Key Metric

| Year to 31 Dec (%) | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 30.9 | 14.9 | 21.9 | 20.8 |
| Pre-tax margin | 17.5 | 5.2 | 11.7 | 13.0 |
| Net margin | 16.3 | 4.8 | 7.9 | 7.8 |
| ROA | 14.7 | 4.4 | 6.9 | 9.1 |
| ROE | 45.5 | 27.2 | 37.4 | 47.4 |
| Growth | | | | |
| Turnover | 116.0 | (4.8) | (3.1) | 42.9 |
| EBITDA | 64.5 | (54.1) | 42.5 | 35.5 |
| Pre-tax profit | 4.8 | (71.9) | 119.7 | 58.9 |
| Net profit | (3.4) | (76.9) | 138.7 | 67.5 |
| Net profit (adj.) | 21.2 | (72.1) | 60.0 | 41.6 |
| EPS | (3.4) | (76.9) | 138.7 | 67.5 |
| Leverage | | | | |
| Debt to total capital | 77.8 | 80.6 | 71.3 | 74.1 |
| Debt to equity | 350.3 | 415.3 | 248.8 | 286.4 |
| Net debt/(cash) to equity | 261.9 | 353.3 | 207.9 | 256.6 |
| Interest cover (x) | 4.9 | 1.9 | 3.2 | 4.3 |