

**BUY**

### Investment Consideration

#### Maintaining Productivity Growth

In 9M23, FFB production rose by +7% YoY for FFB nucleus and increased by +11% for FFB plasma compared to 9M22. CPO and palm kernel production decreased slightly by -4% YoY and -1% YoY, respectively, compared to 9M22. This is due to the El-Nino factor during 3Q23, affecting a delay in crop ripening. Additionally, OER increased from 22.07% in 3Q22 to 22.72% in 3Q23. Despite a -9% YoY drop in the average selling price of CPO, it was offset by an 8% YoY increase in CPO sales volume to 260,711MT from 242,376MT in 3Q22. BWPT's focus on core strategic areas and divestment of non-strategic plantations aims to maximize productivity in existing plantations in East Kalimantan, Central Kalimantan, South Kalimantan, and Papua. Moreover, there are plans to increase plant capacity, boost plant utilization, and construct a KCP (Kernel Crushing Plant) and biogas plants. In 2024, BWPT plans to build a biogas power plant and KCP in Central Kalimantan, along with a Plant/Mill extension of 30 tph. Based on 9M23 results, we adjust our estimates for the total production of FFB and CPO in 2023-2024. The adjustment in forecast for FFB and CPO production reflects the impact of the El-Nino factor in 3Q23, targeting a CAGR of 10% and 26%, respectively, compared to 2022A.

#### Back to profit is on track

BWPT is on track to return to bottom-line profitability, as shown in 9M23, where BWPT reported a net profit of IDR 88.5bn, compared to a net loss of IDR 16.9bn in 9M22, indicating a return to profitability. BWPT has continued to generate positive free cash flow. We adjust our targets for 2023F and 2024F to a net profit of IDR 152bn and IDR 209bn, respectively, supported by the maturation of plantations.

#### Valuation: BUY, 28% potential upside

Based on 9M23 results, we adjust our target EV/EBITDA to 15.05X and EV/ha to 9,302 USD/ha. We maintain our BUY recommendation with a higher TP of IDR 68/share, reflecting a valuation of 10.34X PER. With 32% upside potential, we give our BUY recommendation.

Financial Highlight (%)	2020 A	2021 A	2022 A	2023 F	2024 F
Sales growth (%)	-13%	34%	56%	-9%	6%
Operating Margin(%)	-13.6%	9.5%	14.5%	19.5%	18.3%
NET Profit margin(%)	-49.2%	-47.8%	0.4%	3.7%	4.7%
ROE (%)	-31.4%	-69.2%	0.9%	7.0%	8.8%
Debt Ratio (x)	0.77	0.83	0.83	0.81	0.81
EPS (IDR)	(34.29)	(44.52)	0.55	4.84	6.63

21 December 2023  
Plantation, Equity

Price **IDR 53**  
Target Price **IDR 68**  
JKSE Index **7196.413**



**Stock Code**  
**Bloomberg code** **BWPT IJ**  
**Market cap (IDR.bn)** **1650**  
**52-Week High (IDR)** **73**  
**52-Week Low (IDR)** **52**  
**6-m Avg Daily. Val (IDR)** **59**  
**Free Float (%)** **25.36**

**Major Shareholders (%)**  
**PT Rajawali Capital International** **37.70%**  
**FICP** **37.00%**  
**Public** **25.30%**

**USD/IDR-YE**  
**2022A** **15,592**  
**2023F (Avg)** **15,500**

**Key Indicators** **2024F**  
**DER (x)** **2.63**  
**Debt ratio (x)** **0.81**  
**EBITDA Margin (%)** **18.30**

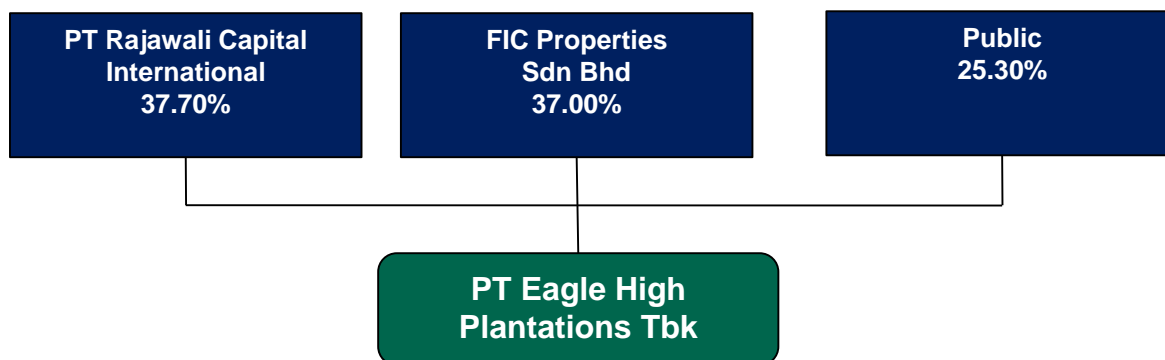
**Analyst: Revita Dhiah Anggrainy**  
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**Company Profile**

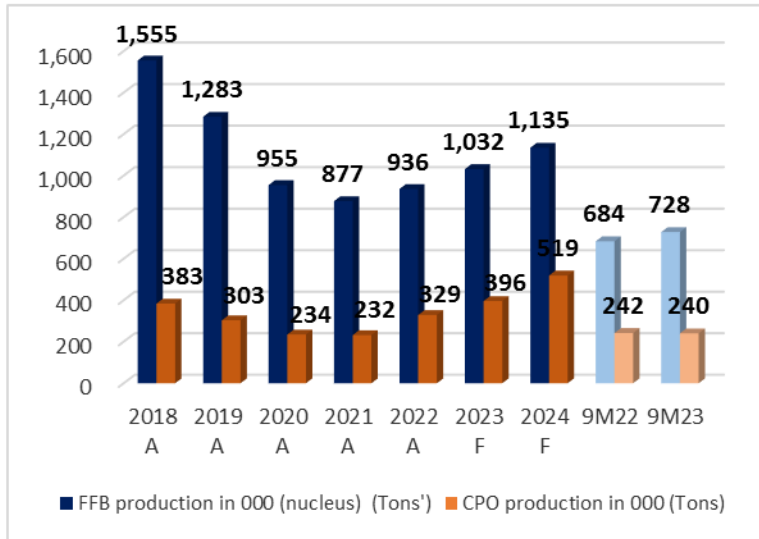
PT Eagle High Plantations Tbk, formerly known as BW Plantation, is an Indonesia-based company engaged in the palm oil sector. The company's primary business activities include developing, cultivating, and harvesting fresh fruit bunches (FFB), extracting crude palm oil (CPO), and palm kernel (PK). The company was originally established on November 6, 2000, and listed on the IDX on October 27, 2009. As of the end of 2016, the company manages a total planted area of 153,250 hectares stretching across Indonesia from Sumatra to Papua, with an average tree age of 8.4 years and 95% of the trees bearing fruit. The company currently has a mill capacity of 430 tons per hour, processing about 2.5 million tons of FFB per year after completing the construction of a new mill in West Kalimantan. Additionally, the company is working on the construction of another new mill with a 45 tons per hour capacity in Papua. In terms of ownership, FIC SDN BHD Property (FICP), a wholly-owned subsidiary of Federal Land Development Authority (Felda), officially owns 37% of BWPT. The acquisition of 37% of BWPT shares from Rajawali Group was completed on April 18, 2017, through a crossing transaction of 11.67 billion shares worth Rp. 6.7 trillion. After the transaction, Rajawali Group's ownership in BWPT reduced to 37.06%. According to the monthly report of BWPT shareholders as of April 30, 2017, the top shareholders are PT Rajawali Capital International (37.06%), FIC SDN BHD Property (37%), and the Public (25.94%).

**Company Structure**

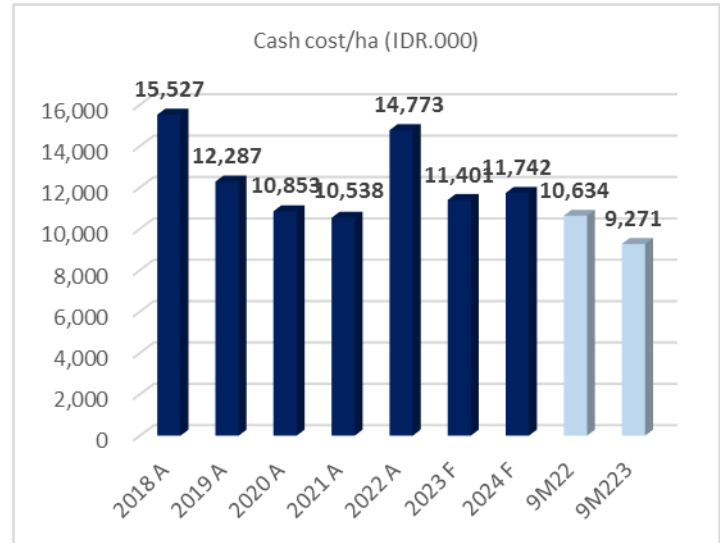
I. As of 9M23



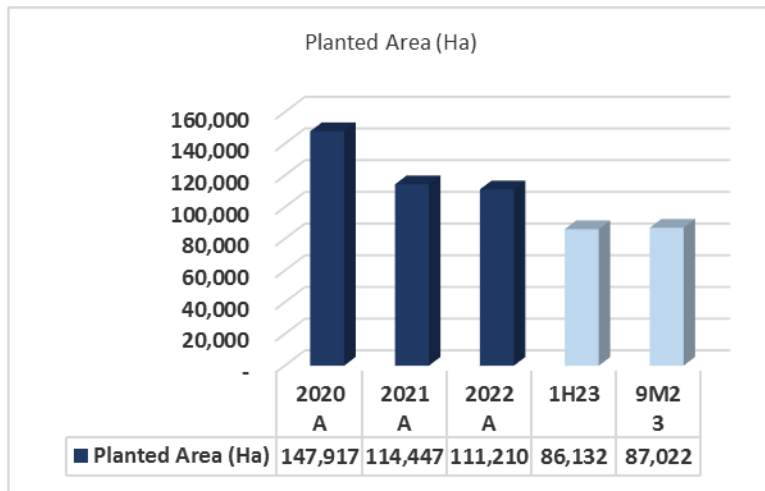
**Chart: FFB vs CPO production yoy (in mn tons)**



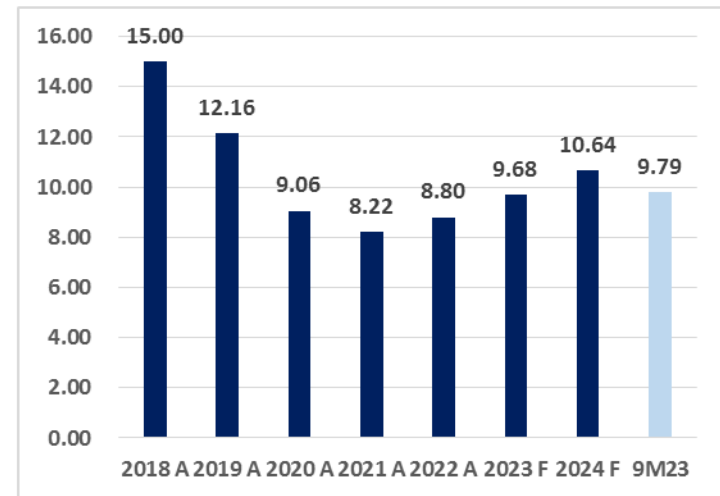
**Chart: cash cost/ha (IDR.000) yoy**



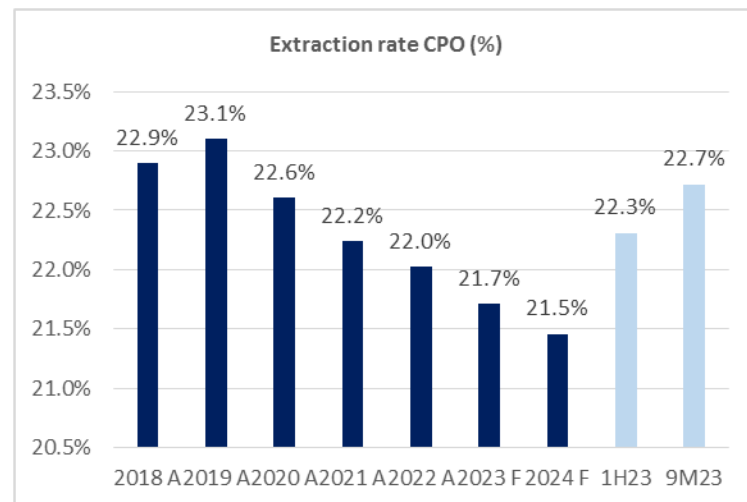
**Chart: BWPT's planted area (ha) yoy**



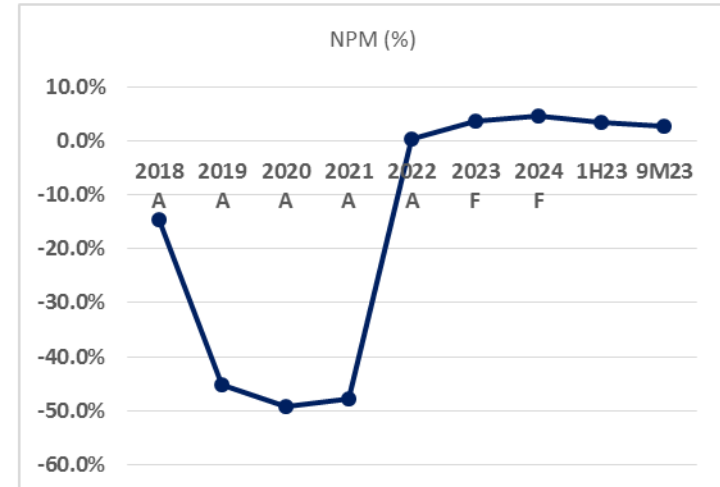
**Chart: FFB yield/ha yoy**



**Chart: BWPT's CPO extraction rate (%)**



**Chart: BWPT's NPM (%)**



**Profit and Loss**

<b>Profit and Loss (IDR.bn)</b>	<b>2018 A</b>	<b>2019 A</b>	<b>2020 A</b>	<b>2021 A</b>	<b>2022 A</b>	<b>2023 F</b>	<b>2024 F</b>	<b>2025 F</b>
<b>net sales</b>	<b>3,083</b>	<b>2,513</b>	<b>2,199</b>	<b>2,938</b>	<b>4,574</b>	<b>4,148</b>	<b>4,415</b>	<b>4,778</b>
<b>Cost of Sales</b>	(2,676)	(2,503)	(2,143)	(2,313)	(3,543)	(3,006)	(3,075)	(3,408)
<b>Gross Profit</b>	<b>408</b>	<b>10</b>	<b>56</b>	<b>625</b>	<b>1,031</b>	<b>1,142</b>	<b>1,340</b>	<b>1,370</b>
Operating expense	(453)	(490)	(343)	(347)	(370)	(332)	(530)	(573)
<b>Operating Profit</b>	<b>180</b>	<b>(587)</b>	<b>(300)</b>	<b>278</b>	<b>661</b>	<b>810</b>	<b>810</b>	<b>796</b>
Other income	(734)	(857)	(850)	(2,205)	(776)	(610)	(535)	(509)
<b>Pretax income(PBT)</b>	<b>(554)</b>	<b>(1,444)</b>	<b>(1,150)</b>	<b>(1,927)</b>	<b>(115)</b>	<b>200</b>	<b>275</b>	<b>288</b>
taxes	91	277	42	510	128	(50)	(69)	(72)
<b>Minority interest</b>	<b>13</b>	<b>30</b>	<b>27</b>	<b>14</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>3</b>
EPS	(14)	(36)	(34)	(45)	1	5	7	7
<b>Net Profit</b>	<b>(450)</b>	<b>(1,137)</b>	<b>(1,081)</b>	<b>(1,403)</b>	<b>17</b>	<b>153</b>	<b>209</b>	<b>219</b>
<b>EBITDA</b>	<b>721</b>	<b>111</b>	<b>414</b>	<b>(1,099)</b>	<b>589</b>	<b>1,248</b>	<b>807</b>	<b>792</b>

**Balance Sheet**

<b>Balance Sheet (IDR.bn)</b>	<b>2018 A</b>	<b>2019 A</b>	<b>2020 A</b>	<b>2021 A</b>	<b>2022 A</b>	<b>2023 F</b>	<b>2024 F</b>	<b>2025 F</b>
Cash and cash equivalent	21	32	41	104	109	74	116	152
Trade Account Receivable	151	110	64	42	41	83	88	96
inventory	434	239	191	272	484	332	353	573
Other current asset	1,146	1,222	4,349	1,356	1,250	1,161	1,104	1,147
<b>Current Asset</b>	<b>1,753</b>	<b>1,604</b>	<b>4,646</b>	<b>1,773</b>	<b>1,884</b>	<b>1,650</b>	<b>1,661</b>	<b>1,968</b>
Fixed Asset	3,868	3,870	3,350	3,296	3,488	3,896	4,266	4,692
other long term asset	10,542	10,323	7,064	6,976	6,852	6,180	6,579	7,119
<b>Total non current Asset</b>	<b>14,410</b>	<b>14,193</b>	<b>10,415</b>	<b>10,272</b>	<b>10,340</b>	<b>10,076</b>	<b>10,844</b>	<b>11,812</b>
<b>Total Asset</b>	<b>16,163</b>	<b>15,796</b>	<b>15,061</b>	<b>12,045</b>	<b>12,224</b>	<b>11,725</b>	<b>12,506</b>	<b>13,779</b>
Trade Account Payable	465	1,034	687	452	715	647	839	860
Short Term bank loans	770	282	333	442	442	492	492	492
Other short term liabilities	1,725	1,124	4,027	2,113	2,237	2,494	2,407	2,771
<b>Total current liabilities</b>	<b>2,960</b>	<b>2,440</b>	<b>5,046</b>	<b>3,007</b>	<b>3,394</b>	<b>3,634</b>	<b>3,738</b>	<b>4,124</b>
Long term liabilities	6,638	6,670	5,563	5,822	5,446	4,770	5,167	5,734
Other Long term liabilities	766	2,074	964	1,159	1,333	1,120	1,192	1,290
<b>Total long term/ non current liabilities</b>	<b>7,404</b>	<b>8,744</b>	<b>6,527</b>	<b>6,981</b>	<b>6,780</b>	<b>5,890</b>	<b>6,360</b>	<b>7,024</b>
<b>Total Liabilities</b>	<b>10,364</b>	<b>11,183</b>	<b>11,573</b>	<b>9,987</b>	<b>10,174</b>	<b>9,523</b>	<b>10,098</b>	<b>11,148</b>
non controlling interest	107	72	45	31	26	34	31	36
<b>Total Equities</b>	<b>5,692</b>	<b>4,541</b>	<b>3,443</b>	<b>2,027</b>	<b>2,023</b>	<b>2,168</b>	<b>2,377</b>	<b>2,596</b>
<b>Total Liabilities &amp; Equity</b>	<b>16,163</b>	<b>15,796</b>	<b>15,061</b>	<b>12,045</b>	<b>12,224</b>	<b>11,725</b>	<b>12,506</b>	<b>13,779</b>

Cash Flow

Cash Flow (IDR.bn)	2018A	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
+ Net Income	(450)	(1,137)	(1,081)	(1,403)	17	153	209	219
Depreciation	131	129	141	135	131	112	122	141
- Change in WC	(369)	(361)	(427)	896	282	438	135	115
<b>Cash From Operating Activities</b>	<b>(688)</b>	<b>(1,369)</b>	<b>(1,367)</b>	<b>(372)</b>	<b>431</b>	<b>703</b>	<b>466</b>	<b>475</b>
Net fixed asset	(150)	(130)	378	(81)	(323)	(520)	(492)	(568)
other long term asset	460	219	3,259	88	124	672	(399)	(541)
<b>cash from investing activities</b>	<b>310</b>	<b>89</b>	<b>3,637</b>	<b>8</b>	<b>(199)</b>	<b>152</b>	<b>(891)</b>	<b>(1,109)</b>
Long term liabilities	153	32	(1,107)	259	(375)	(677)	398	566
Other Long term liabilities	(25)	1,307	(1,110)	195	175	(213)	72	98
equity	186	(48)	(44)	(26)	(26)	(0)	(3)	5
<b>cash from financing activities</b>	<b>314</b>	<b>1,291</b>	<b>(2,261)</b>	<b>427</b>	<b>(227)</b>	<b>(890)</b>	<b>467</b>	<b>670</b>
Net Changes in Cash	(64)	11	9	62	5	(35)	42	36
<b>Beginning Balance</b>	<b>85</b>	<b>21</b>	<b>32</b>	<b>41</b>	<b>104</b>	<b>109</b>	<b>74</b>	<b>116</b>
<b>Ending balance</b>	<b>21</b>	<b>32</b>	<b>41</b>	<b>104</b>	<b>109</b>	<b>74</b>	<b>116</b>	<b>152</b>

**Ratio Highlights yoy**

	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
<b>Growth (% YoY)</b>							
Sales	-19%	-13%	34%	56%	-9%	6%	8%
OP	-426%	-49%	-193%	137%	23%	0%	-2%
EBITDA	-85%	274%	-365%	-154%	112%	-35%	-2%
NP	153%	-5%	30%	-101%	773%	37%	4%
EPS	153%	-5%	30%	-101%	773%	37%	4%
<b>Profitability</b>							
Operating Margin(%)	-23.4%	-13.6%	9.5%	14.5%	19.5%	18.3%	16.7%
EBITDA margin(%)	4.4%	18.8%	-37.4%	12.9%	30.1%	18.3%	16.6%
NET Profit margin(%)	-45.3%	-49.2%	-47.8%	0.4%	3.7%	4.7%	4.6%
ROE (%)	-25.0%	-31.4%	-69.2%	0.9%	7.0%	8.8%	8.4%
ROA (%)	-7.2%	-7.2%	-11.7%	0.1%	1.3%	1.7%	1.6%
<b>Stability</b>							
Total debt/ total equity (x)	1.54	1.92	3.31	3.19	2.69	2.63	2.62
int. & ST debt coverage (x)	3.23	2.73	1.62	1.32	0.96	0.80	0.76
Debt Ratio (x)	0.71	0.77	0.83	0.83	0.81	0.81	0.81
<b>Per Share data (IDR)</b>							
EPS	(36.08)	(34.29)	(44.52)	0.55	4.84	6.63	6.93
BVS	144.0	109.2	64.3	64.2	68.8	75.4	82.3

**Stock Ratings:**

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-20%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

**RESEARCH TEAM**  
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