

BUY

Investment Consideration

Double-digit Productivity Growth

As of 1H23, BWPT recorded a CPO sales increase of +22.1% YoY, reaching 172,225 MT compared to 141,037 MT in 1H22. Kernel sales volume also rose by +26.3% YoY to 30,075 MT from 23,809 MT in 1H22. Total FFB nucleus production increased by +16.7% YoY to 460,769 MT in 1H23. Overall FFB (nucleus + plasma) production also rose by +16.2% YoY to 533,971 MT. This double-digit growth in production is part of BWPT's focus on core strategic areas and divestment of non-strategic plantations, aimed at maximizing productivity despite decreasing total plantation size. In this pursuit, BWPT divested five subsidiaries in West Kalimantan on June 9, 2023. BWPT deemed the assets of these subsidiaries as non-core and non-strategic for the group. The purpose of the divestment is to bolster cash flow and working capital to enhance the performance of existing plantations in East Kalimantan, Central Kalimantan, South Kalimantan, and Papua. The target for total production of FFB, CPO, and PK in 2023-2024 is to achieve a CAGR of 33%, 27%, and 26%, respectively, compared to 2022A. Going forward, BWPT has no replanting or new planting plans. The focus will be on maximizing the productivity of existing plantations, increasing plant capacity, boosting plant utilization, and constructing KCP (Kernel Crushing Plant) and biogas plants.

Back to profit is on track

We maintain our belief that BWPT is on track to return to bottom-line profitability. As evidenced by the performance since 2022A and 1H23, BWPT managed to report a net profit of IDR. 74bn in 1H23, compared to a net loss of IDR. 188bn in 1H22, indicating a sustained return to profitability is imminent. BWPT has even continued to generate positive free cash flow. We adjust our target for 2023F and 2024F to a net profit of IDR. 235bn and IDR. 505bn, respectively, supported by the maturing of plantations.

Valuation: BUY, with higher potential upside

Based on our EV/EBITDA of 11.74X and EV/ha of 10,446 USD/ha, we maintain our BUY recommendation with a higher TP of IDR. 152/share, reflecting a valuation of 9.52X PER. With significant upside potential, we recommend BUY.

Financial Highlight	2020 A	2021 A	2022 A	2023 F	2024 F
Sales growth (%)	-13%	34%	56%	-9%	22%
Operating Margin(%)	-13.6%	9.5%	14.5%	19.5%	27.3%
NET Profit margin(%)	-49.2%	-47.8%	0.4%	5.7%	10.0%
ROE (%)	-31.4%	-69.2%	0.9%	10.4%	18.3%
Debt Ratio (x)	0.77	0.83	0.83	0.81	0.81
EPS (IDR)	(34.29)	(44.52)	0.55	7.45	16.01

4 October 2023
Plantation, Equity

Price **IDR 59**
Target Price **IDR 152**
JKSE Index **6857.818**

Dipublikasikan pada TradingView.com, Okt 02, 2023 11:23 UTC+7



Stock Code **BWPT IJ**
Bloomberg code **1840**
Market cap (IDR.bn) **73**
52-Week High (IDR) **53**
52-Week Low (IDR) **61**
6-m Avg Daily. Val (IDR) **25.36**
Free Float (%) **25.36**

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

USD/IDR-YE
2022A **15,592**
2023F (Avg) **15,526**

Key Indicators **2024F**
DER (x) **2.56**
Debt ratio (x) **0.81**
EBITDA Margin (%) **27.30**

Analyst: Revita Dhiah Anggrainy
revita.anggrainy@binaartha.com

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 1H23

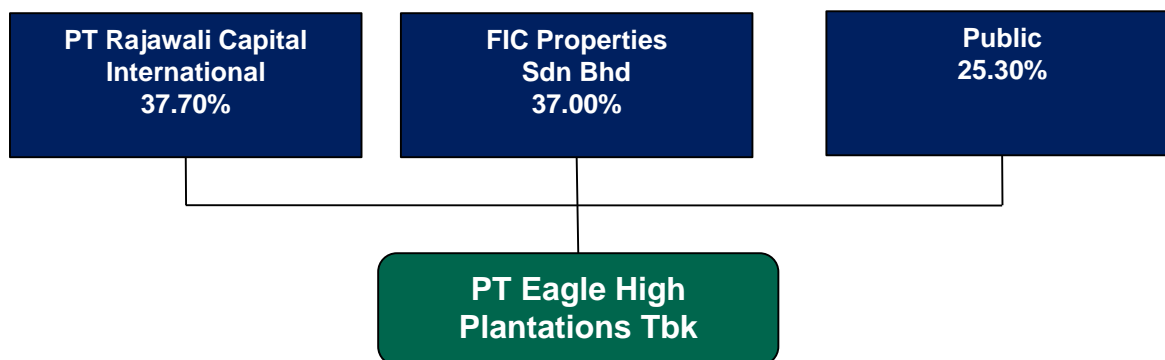


Chart: FFB vs CPO production yoy (in mn tons)

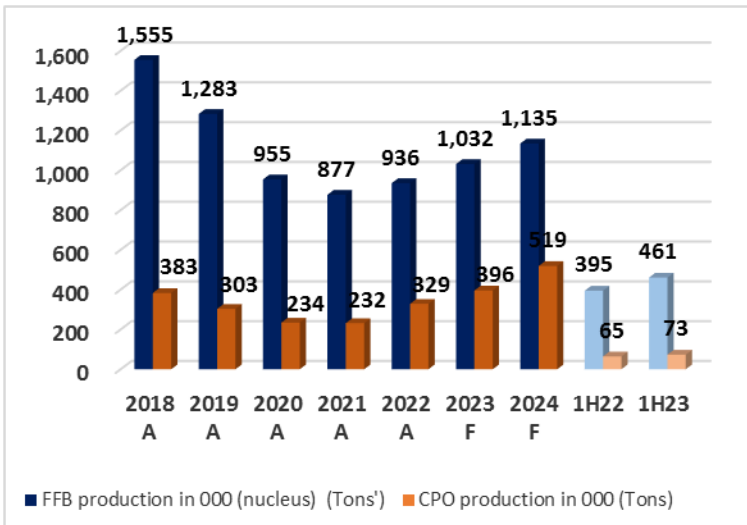


Chart: cash cost/ha (IDR.000) yoy

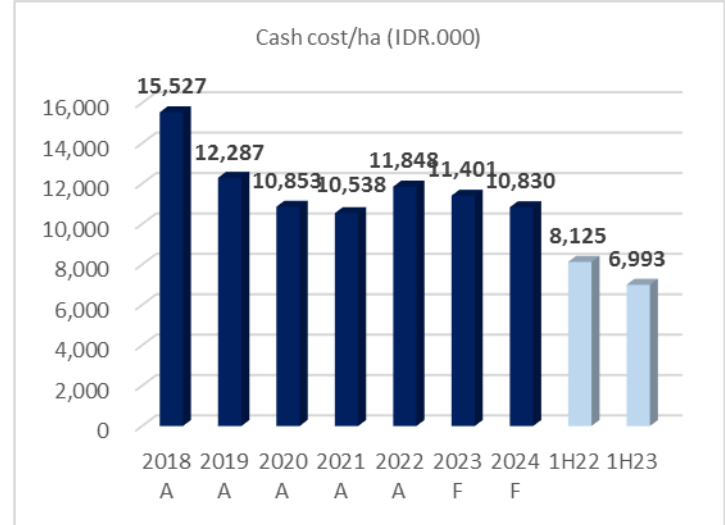


Chart: BWPT's planted area (ha) yoy

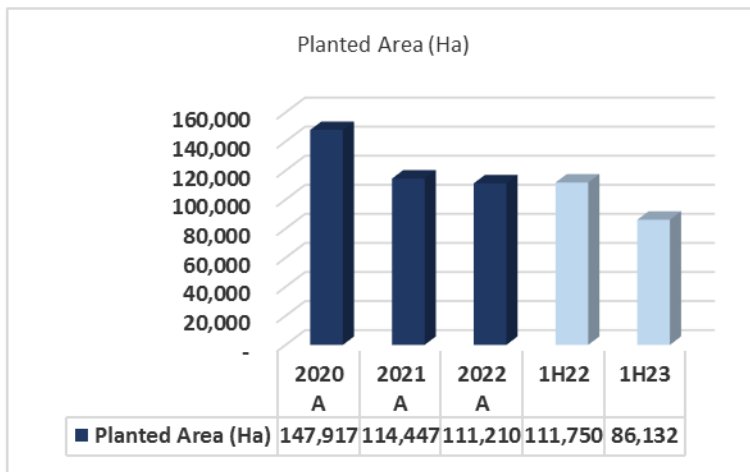


Chart: FFB yield/ha yoy

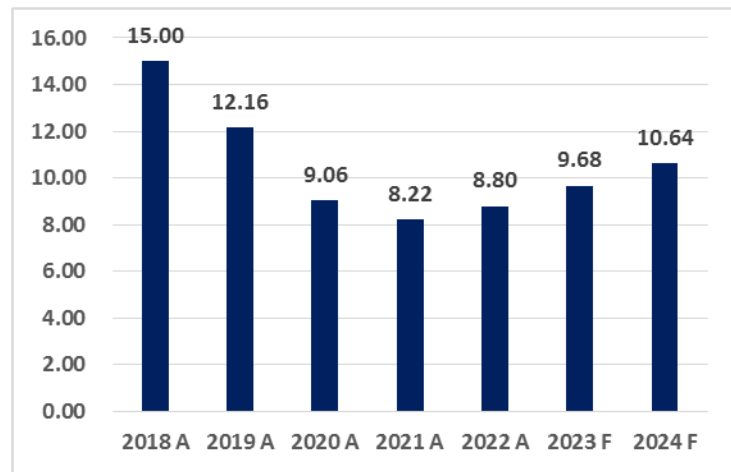


Chart: BWPT's CPO extraction rate (%)

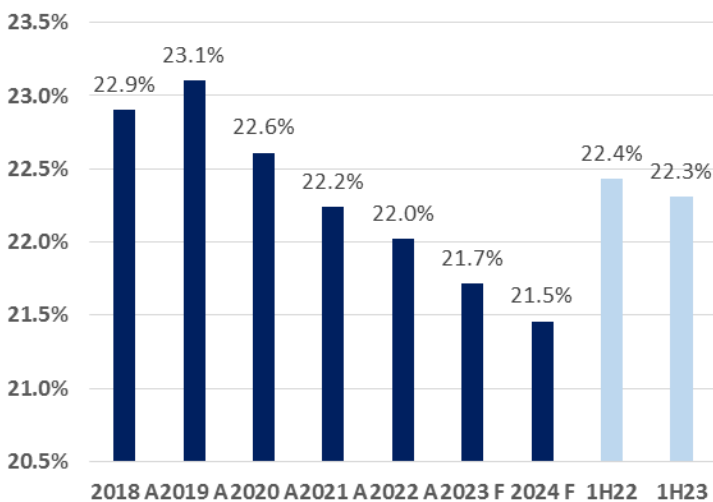
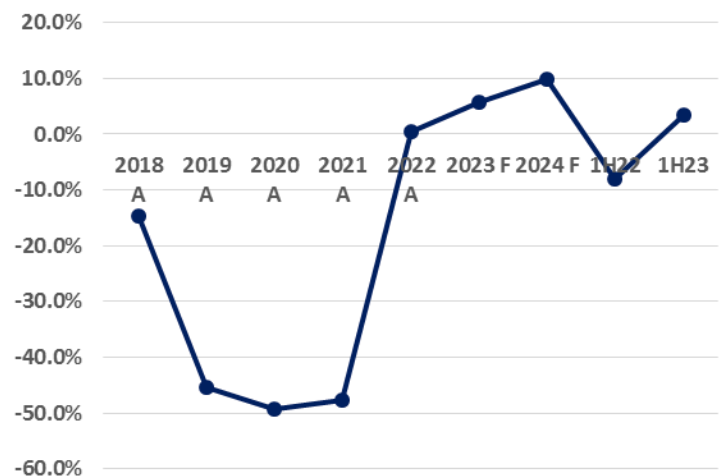


Chart: BWPT's NPM (%)



Profit and Loss

Profit and Loss (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
net sales	3,083	2,513	2,199	2,938	4,574	4,148	5,065	5,117
Cost of Sales	(2,676)	(2,503)	(2,143)	(2,313)	(3,543)	(3,006)	(3,075)	(3,408)
Gross Profit	408	10	56	625	1,031	1,142	1,990	1,708
Operating expense	(453)	(490)	(343)	(347)	(370)	(332)	(608)	(614)
Operating Profit	180	(587)	(300)	278	661	810	1,382	1,094
Other income	(734)	(857)	(850)	(2,205)	(776)	(500)	(715)	(550)
Pretax income(PBT)	(554)	(1,444)	(1,150)	(1,927)	(115)	310	667	544
taxes	91	277	42	510	128	(77)	(167)	(136)
Minority interest	13	30	27	14	5	2	3	3
EPS	(14)	(36)	(34)	(45)	1	7	16	13
Net Profit	(450)	(1,137)	(1,081)	(1,403)	17	235	503	411
EBITDA	721	111	414	(1,099)	589	1,357	1,381	1,276

Balance Sheet

Balance Sheet (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Cash and cash equivalent	21	32	41	104	109	67	109	133
Trade Account Receivable	151	110	64	42	41	124	152	153
inventory	434	239	191	272	484	439	536	614
Other current asset	1,146	1,222	4,349	1,356	1,250	1,133	1,384	1,433
Current Asset	1,753	1,604	4,646	1,773	1,884	1,763	2,182	2,334
Fixed Asset	3,868	3,870	3,350	3,296	3,488	3,913	4,305	4,735
other long term asset	10,542	10,323	7,064	6,976	6,852	6,429	7,851	7,675
Total non current Asset	14,410	14,193	10,415	10,272	10,340	10,342	12,156	12,410
Total Asset	16,163	15,796	15,061	12,045	12,224	12,105	14,338	14,744
Trade Account Payable	465	1,034	687	452	715	643	789	716
Short Term bank loans	770	282	333	442	442	485	509	535
Other short term liabilities	1,725	1,124	4,027	2,113	2,237	2,501	2,714	2,457
Total current liabilities	2,960	2,440	5,046	3,007	3,394	3,629	4,012	3,708
Long term liabilities	6,638	6,670	5,563	5,822	5,446	4,770	5,928	6,140
Other Long term liabilities	766	2,074	964	1,159	1,333	1,422	1,607	1,689
Total long term/ non current liabilities	7,404	8,744	6,527	6,981	6,780	6,192	7,535	7,829
Total Liabilities	10,364	11,183	11,573	9,987	10,174	9,821	11,547	11,537
non controlling interest	107	72	45	31	26	34	35	39
Total Equities	5,692	4,541	3,443	2,027	2,023	2,250	2,755	3,168
Total Liabilities & Equity	16,163	15,796	15,061	12,045	12,224	12,105	14,338	14,744

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	235	505	413
Depreciation	131	129	141	135	131	112	122	141
- Change in WC	(369)	(361)	(427)	896	282	313	8	(432)
Cash From Operating Activities	(688)	(1,369)	(1,367)	(372)	431	660	634	122
Net fixed asset	(150)	(130)	378	(81)	(323)	(538)	(513)	(572)
other long term asset	460	219	3,259	88	124	423	(1,423)	177
cash from investing activities	310	89	3,637	8	(199)	(115)	(1,936)	(395)
Long term liabilities	153	32	(1,107)	259	(375)	(677)	1,159	212
Other Long term liabilities	(25)	1,307	(1,110)	195	175	89	184	82
equity	186	(48)	(44)	(26)	(26)	(0)	1	3
cash from financing activities	314	1,291	(2,261)	427	(227)	(588)	1,344	297
Net Changes in Cash	(64)	11	9	62	5	(42)	43	24
Beginning Balance	85	21	32	41	104	109	67	109
Ending balance	21	32	41	104	109	67	109	133

Ratio Highlights yoy

	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Growth (% YoY)							
Sales	-19%	-13%	34%	56%	-9%	22%	1%
OP	-426%	-49%	-193%	137%	23%	71%	-21%
EBITDA	-85%	274%	-365%	-154%	131%	2%	-8%
NP	153%	-5%	30%	-101%	1243%	115%	-18%
EPS	153%	-5%	30%	-101%	1243%	115%	-18%
Profitability							
Operating Margin(%)	-23.4%	-13.6%	9.5%	14.5%	19.5%	27.3%	21.4%
EBITDA margin(%)	4.4%	18.8%	-37.4%	12.9%	32.7%	27.3%	25.0%
NET Profit margin(%)	-45.3%	-49.2%	-47.8%	0.4%	5.7%	10.0%	8.1%
ROE (%)	-25.0%	-31.4%	-69.2%	0.9%	10.4%	18.3%	13.0%
ROA (%)	-7.2%	-7.2%	-11.7%	0.1%	1.9%	3.5%	2.8%
Stability							
Total debt/ total equity (x)	1.54	1.92	3.31	3.19	2.59	2.56	2.29
int. & ST debt coverage (x)	3.23	2.73	1.62	1.32	0.98	1.14	1.12
Debt Ratio (x)	0.71	0.77	0.83	0.83	0.81	0.81	0.78
Per Share data (IDR)							
EPS	(36.08)	(34.29)	(44.52)	0.55	7.45	16.01	13.10
BVS	144.0	109.2	64.3	64.2	71.4	87.4	100.5

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
 (62-21) 520-6678 ext.612**

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha and its analyst take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.