

April 18<sup>th</sup>, 2024  
Plantation, Equity

**BUY**

Price IDR 53  
Target Price IDR 80  
JKSE Index IDR 7,166.81

#### Investment Consideration

##### Modest Decrease in Productivity

In 2023, BWPT experienced a slight decline in productivity compared to the previous year, influenced by the El-Nino phenomenon. In December 2023, total CPO production decreased by -2.64% year-over-year (YoY), to 320,107 metric tons. Conversely, FFB production saw a 4.25% YoY increase to 975,252 metric tons (nucleus-only). Improvements were noted in the average Oil Extraction Rate (OER) and Kernel Extraction Rate (KER), which increased by 96 and 15 basis points respectively, reaching 22.96% and 4.25%. These gains are attributed to the company's strategic improvements in infrastructure and public facilities. We predict that in 2024, BWPT will continue to enhance its productivity, with anticipated growth in CPO production by 2.98% YoY and PK production by 9.35% YoY.

##### Significant Profitability Growth

BWPT demonstrated robust profitability in 2023, with Net Income Attributable to the Parent Entity surging by 912.84% YoY to IDR 177.025 billion. This growth occurred despite a -8.08% decline in revenue, attributed to a decrease in CPO prices. Additionally, the Cost of Goods Sold (COGS) dropped by -11.16% YoY, with tax benefits further bolstering profits. This improvement in COGS positively influenced EBITDA, which rose by 1.85% YoY to IDR 1.12 trillion. We project that BWPT's EBITDA will continue to grow, reaching IDR 1.22 trillion in 2024, a 9.21% increase YoY.

##### Improved Solvency

BWPT is dedicated to reducing bank loans and interest expenses. In FY23, the company's loan balance declined by -28.79% YoY to IDR 5.085 billion. This reduction improved the Debt-to-Equity (D/E) ratio from 3.49x to 2.34x, and the Financial Leverage Ratio from 5.99x to 5.35x. We forecast that in 2024, BWPT's D/E and Financial Leverage Ratios will decrease further to 1.88x and 4.42x, respectively.

##### Strong ESG Commitment

BWPT is committed to environmental, social, and governance (ESG) practices, notably through its biogas initiative. The Sukadamai Biogas Power Plant, launched in 2019 in South Kalimantan, aims to manage waste from a palm oil mill. By 2023, the plant generated 11.1 million kWh of electricity and reduced CO<sub>2</sub> emissions by 66,000 tons. Moreover, progress in sustainability certifications is notable; 71% of the mills are certified by ISPO and one-seventh by RSPO. In January 2024, two mills in Central Kalimantan achieved RSPO certification, raising the total to 43%. These milestones underscore BWPT's commitment to sustainability and environmental responsibility.

##### Valuation: BUY, 52% potential upside

Based on FY23 results, our EV/EBITDA target is 5.56x. We maintain our "Buy" recommendation with a target price of IDR 80/share, which equates to a valuation of 22.61x PER and offers a potential 52% upside.

Financial Highlight (%)	2020 A	2021 A	2022 A	2023 A	2024 F
EBITDA (IDR Bn)	357.40	802.46	1,100.62	1,120.93	1,224.21
Net Income Attributable to The Parent (IDR Bn)	(1,081.10)	(1,403.47)	17.48	177.03	110.93
Net Profit Margin (%)	-49.2%	-47.8%	0.4%	4.2%	2.5%
ROA (%)	-31.4%	-69.2%	0.9%	8.1%	4.8%
Debt Ratio (x)	-0.33	0.39	1.14	1.25	2.25
EPS (IDR)	(34.29)	(44.52)	0.55	5.68	3.56
EV/EBITDA	32.63	11.84	8.19	6.04	5.56

Stock Code  
Bloomberg code BWPT IJ  
Market cap (IDR Bn) 1,670.8  
52-Week High (IDR) 70  
52-Week Low (IDR) 50  
6-m Avg Daily. Val (IDR) 54  
Free Float (%) 23.99

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

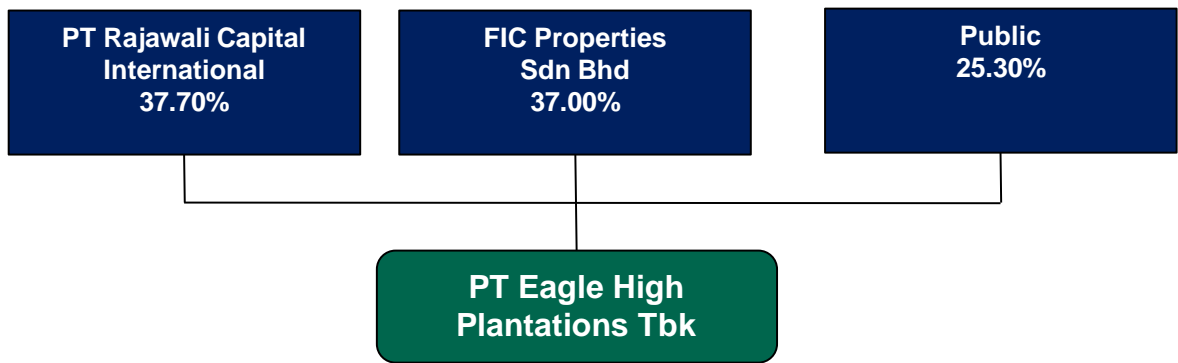
USD/IDR-YE (JISDOR)  
2023A 15,439  
2024F 15,765

Key Indicators 2024F  
DER (x) 1.88  
Debt ratio (x) 2.25  
EBITDA Margin (%) 27.61

**Company Profile**

PT Eagle High Plantations Tbk ("EHP") was established on November 6, 2000, as PT Bumi Perdana Prima Internasional, later renamed PT BW Plantation Tbk in 2007. Since October 27, 2009, the company's shares have been listed on the Indonesia Stock Exchange (IDX) under the stock code BWPT. In 2014, EHP acquired 100% ownership of the Green Eagle Group, leading to its current name. EHP operates in the palm oil industry, focusing on crude palm oil and palm kernel as its primary products. The company manages a total plantation area of 87,000 hectares across Sumatra, Kalimantan, and Papua, striving to balance economic, environmental, social, and governance performance to achieve sustainability.

**Structure Ownership**



**Plantation Profile**

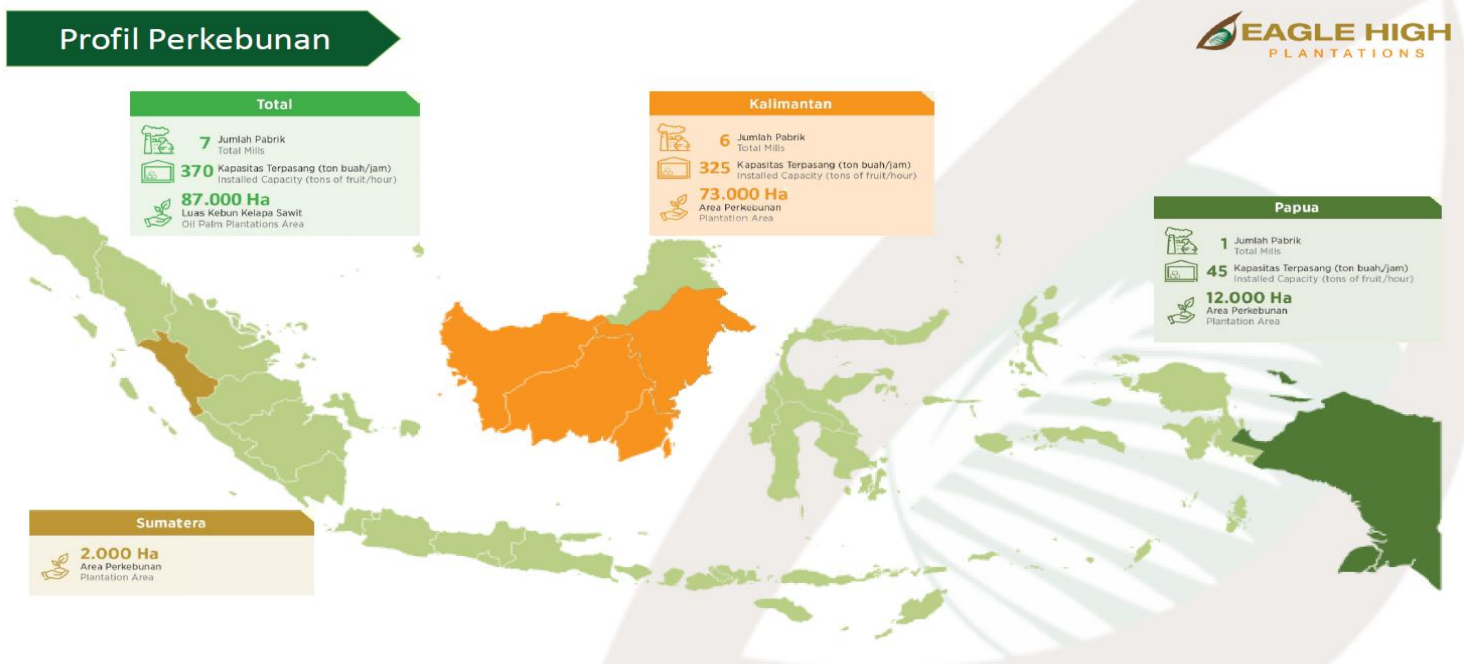


Chart 1: BWPT Production (in MT)

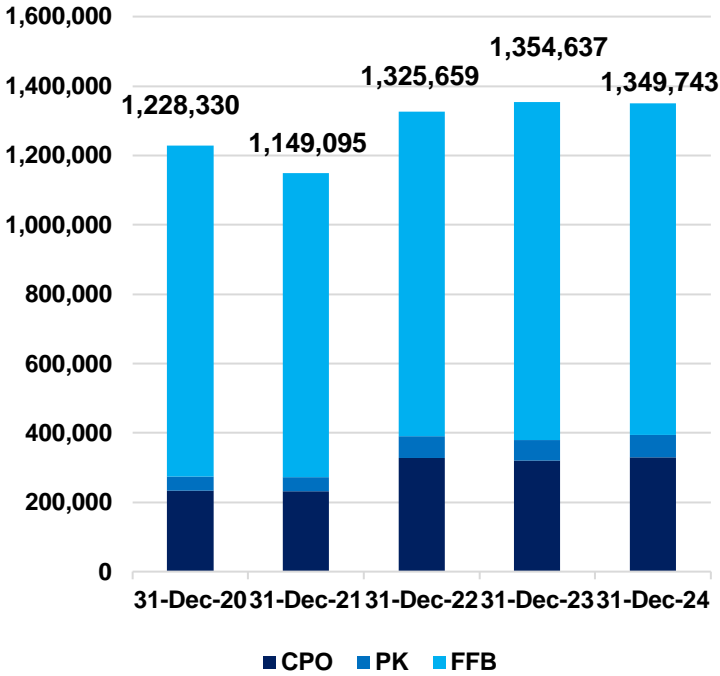


Chart 2: EBITDA and Net Profit For The Year Attributable To Parent Entity (in IDR Bn)

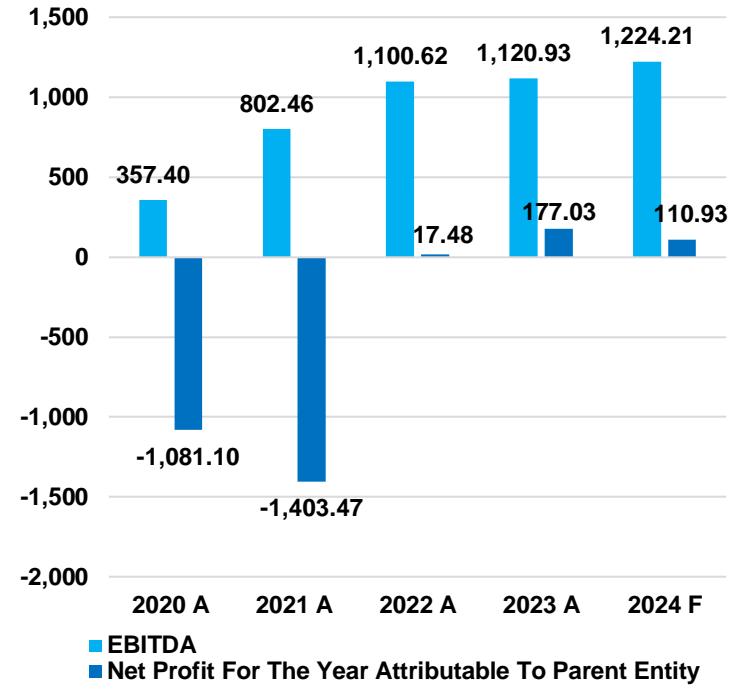


Chart 3: BWPT's Profitability Ratio (in %)

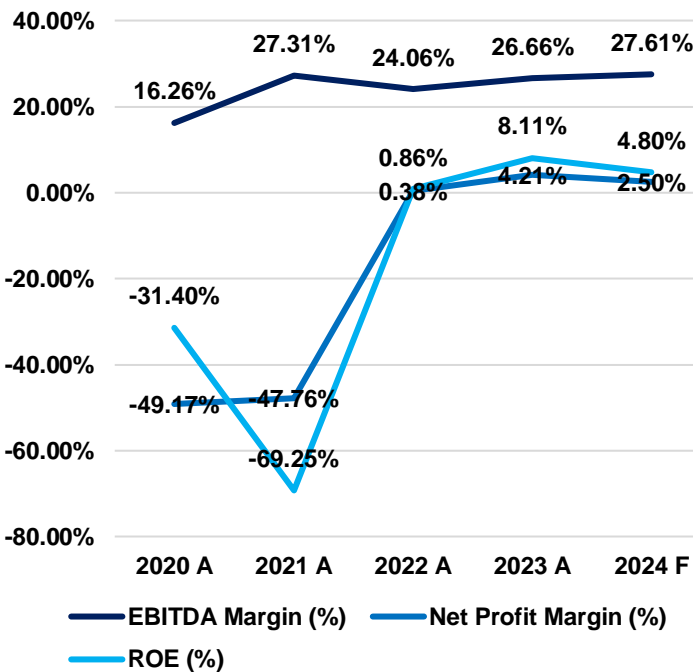
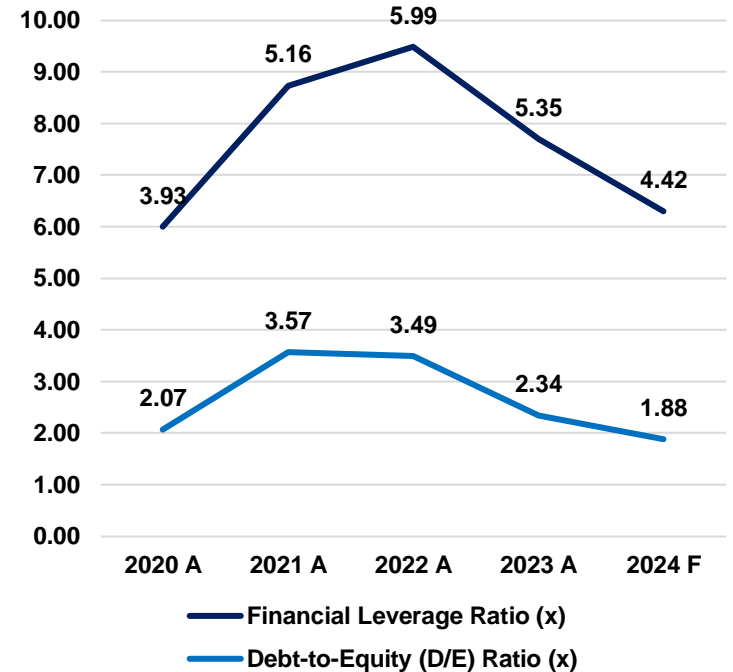


Chart 4: BWPT's Solvency Ratio (x)



**Profit or Loss**

<b>Statements of Profit or Loss (IDR Bn)</b>	<b>2020 A</b>	<b>2021 A</b>	<b>2022 A</b>	<b>2023 A</b>	<b>2024 F</b>
<b>Net sales</b>	<b>2,198.67</b>	<b>2,938.34</b>	<b>4,574.12</b>	<b>4,204.61</b>	<b>4,434.47</b>
Cost of Goods Sold	(2,143.03)	(2,313.29)	(3,542.67)	(3,147.47)	(3,174.90)
<b>Gross Profit</b>	<b>55.64</b>	<b>625.05</b>	<b>1,031.46</b>	<b>1,057.15</b>	<b>1,259.57</b>
Operating Expenses	(342.59)	(346.64)	(370.35)	(353.68)	(268.15)
<b>Operating Profit</b>	<b>(299.69)</b>	<b>278.41</b>	<b>661.11</b>	<b>703.47</b>	<b>991.43</b>
Other income (Expenses)	(850.38)	(2,205.30)	(776.04)	(827.62)	(847.18)
<b>Income Before Tax</b>	<b>(1,150.06)</b>	<b>(1,926.90)</b>	<b>(114.93)</b>	<b>(124.15)</b>	<b>144.24</b>
Tax	41.67	509.60	127.57	284.12	(43.27)
<b>Net Income</b>	<b>(1,108.39)</b>	<b>(1,417.29)</b>	<b>12.63</b>	<b>159.97</b>	<b>100.97</b>
Income For The Year Attributable To NCI	27.29	13.83	4.84	17.06	9.96
<b>Net Profit For The Year Attributable To Parent Entity</b>	<b>(1,081.10)</b>	<b>(1,403.47)</b>	<b>17.48</b>	<b>177.03</b>	<b>110.93</b>
<b>EBITDA</b>	<b>357.40</b>	<b>802.46</b>	<b>1,100.62</b>	<b>1,120.93</b>	<b>1,224.21</b>
<b>EPS</b>	<b>(34.29)</b>	<b>(44.52)</b>	<b>0.55</b>	<b>5.68</b>	<b>3.56</b>

**Financial Position**

<b>Statements of Financial Position (IDR Bn)</b>	<b>2020 A</b>	<b>2021 A</b>	<b>2022 A</b>	<b>2023 A</b>	<b>2024 F</b>
Cash and Cash equivalents	41.46	103.58	108.88	27.38	44.86
Trade accounts receivable	64.42	41.55	41.01	32.14	37.32
Inventories	191.09	272.00	484.15	214.13	472.46
Other current assets	4,349.39	1,356.03	1,249.74	1,026.36	741.37
<b>Total Current Assets</b>	<b>4,646.36</b>	<b>1,773.16</b>	<b>1,883.77</b>	<b>1,300.01</b>	<b>1,296.00</b>
Fixed Assets	3,350.41	3,295.84	3,487.98	3,198.86	3,217.51
Other non-current assets	7,064.20	6,976.04	6,851.82	5,684.64	5,155.07
<b>Total Non-current Assets</b>	<b>10,414.61</b>	<b>10,271.89</b>	<b>10,339.80</b>	<b>8,883.50</b>	<b>8,372.59</b>
<b>Total Asset</b>	<b>15,060.97</b>	<b>12,045.05</b>	<b>12,223.57</b>	<b>10,183.51</b>	<b>9,668.59</b>
Trade accounts payable	686.59	451.81	715.29	704.90	768.18
Short-term bank loans	332.64	442.10	442.10	393.72	383.67
Other current liabilities	4,026.61	2,112.74	2,236.90	2,414.47	2,167.62
<b>Total Current Liabilities</b>	<b>5,045.85</b>	<b>3,006.65</b>	<b>3,394.29</b>	<b>3,513.09</b>	<b>3,319.48</b>
Long-term liabilities	5,569.69	5,846.67	5,527.37	3,264.84	2,681.06
Other non-current liabilities	957.77	1,133.91	1,252.26	1,214.04	1,338.76
<b>Total Non-current Liabilities</b>	<b>6,527.47</b>	<b>6,980.58</b>	<b>6,779.63</b>	<b>4,478.88</b>	<b>4,019.83</b>
<b>Total Liabilities</b>	<b>11,573.31</b>	<b>9,987.22</b>	<b>10,173.93</b>	<b>7,991.96</b>	<b>7,339.30</b>
Non-controlling interests	44.96	31.13	26.29	9.24	19.32
Total Equity Attributable to Owners of the Company	<b>3,442.70</b>	<b>2,026.69</b>	<b>2,023.35</b>	<b>2,182.32</b>	<b>2,309.97</b>
<b>Total Equity</b>	<b>3,487.66</b>	<b>2,057.82</b>	<b>2,049.64</b>	<b>2,191.55</b>	<b>2,329.29</b>
<b>Total Liabilities &amp; Equity</b>	<b>15,060.97</b>	<b>12,045.05</b>	<b>12,223.57</b>	<b>10,183.51</b>	<b>9,668.59</b>

**Cash Flows**

<b>Statements of Cash Flows (IDR Bn)</b>	<b>2020 A</b>	<b>2021 A</b>	<b>2022 A</b>	<b>2023 A</b>	<b>2024 F</b>
Net Income	(1,081.10)	(1,403.47)	17.48	177.03	110.93
+Depreciation and Amortization	657.08	524.05	439.51	417.47	232.78
- Changes in WC	(427.26)	896.12	282.34	621.06	(172.11)
<b>Cash From Operating Activities</b>	<b>(851.28)</b>	<b>16.70</b>	<b>739.32</b>	<b>1,215.55</b>	<b>171.59</b>
Changes in Fixed Assets	(137.80)	(469.48)	(631.64)	(128.36)	(251.43)
Changes in Other Long-Term Assets	3,258.93	88.16	124.22	1,167.19	529.56
<b>Cash From Investing Activities</b>	<b>3,121.12</b>	<b>(381.33)</b>	<b>(507.42)</b>	<b>1,038.83</b>	<b>278.13</b>
Changes in Long-Term Liabilities	(2,424.30)	276.97	(319.30)	(2,262.53)	(583.78)
Changes in Long-Term Liabilities	208.05	176.14	118.36	(38.23)	124.73
Changes in Equity	(44.49)	(26.36)	(25.66)	(35.12)	26.81
<b>Cash From Financing Activities</b>	<b>(2,260.73)</b>	<b>426.75</b>	<b>(226.60)</b>	<b>(2,335.88)</b>	<b>(432.24)</b>
<b>Net Changes in Cash</b>	<b>9.11</b>	<b>62.12</b>	<b>5.30</b>	<b>(81.50)</b>	<b>17.49</b>
<b>Beginning Balance</b>	<b>32.35</b>	<b>41.46</b>	<b>103.58</b>	<b>108.88</b>	<b>27.38</b>
<b>Ending balance</b>	<b>41.46</b>	<b>103.58</b>	<b>108.88</b>	<b>27.38</b>	<b>44.86</b>

**Ratio Analysis**

<b>Ratio Analysis</b>	<b>2020 A</b>	<b>2021 A</b>	<b>2022 A</b>	<b>2023 A</b>	<b>2024 F</b>
<b>Liquidity</b>					
Current Ratio (x)	0.92	0.59	0.55	0.37	0.38
Quick Ratio (x)	0.02	0.05	0.04	0.02	0.01
Cash Ratio (x)	0.01	0.03	0.03	0.01	0.01
<b>Profitability</b>					
Operating Margin (%)	-13.63%	9.48%	14.45%	16.73%	22.36%
EBITDA Margin (%)	16.26%	27.31%	24.06%	26.66%	27.61%
Net Profit Margin (%)	-49.17%	-47.76%	0.38%	4.21%	2.50%
ROE (%)	-31.40%	-69.25%	0.86%	8.11%	4.80%
ROA (%)	-7.18%	-11.65%	0.14%	1.74%	1.15%
<b>Efficiency</b>					
Receivable turnover (x)	25.15	55.45	110.81	114.97	127.70
A/R Days	14.51	6.58	3.29	3.17	3.08
Inventory turnover (x)	9.97	9.99	9.37	9.01	9.25
Inventory Days	36.71	36.53	38.95	40.49	38.99
<b>Solvency</b>					
Debt-to-Equity (D/E) Ratio (x)	2.07	3.57	3.49	2.34	1.88
Debt Ratio (x)	0.47	0.60	0.58	0.50	0.45
Interest Coverage Ratio (x)	(0.33)	0.39	1.14	1.25	2.25
Financial Leverage Ratio (x)	3.93	5.16	5.99	5.35	4.42
<b>Per Share Ratio (IDR)</b>					
EPS	(34.29)	(44.52)	0.55	5.68	3.56
BVPS	109.20	64.29	64.18	70.00	74.09

**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.

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