

June 4th, 2024
Plantation, Equity

BUY

Price IDR 51
Target Price IDR 75
JKSE Index IDR 7,099.31

Investment Consideration

Small Increase in Annual Production

In Q1-24, BWPT's total production grew slightly by 3.49% YoY, with FFB as the primary driver, growing by 9.86% YoY. However, CPO and PK decreased by -11.31% YoY and -10.70% YoY, respectively. On a quarterly basis, production experienced a significant decrease of -11.79%, with PK showing the largest drop of -21.25%. CPO and FFB were down by -17.12% and -9.48% YoY, respectively. These declines are attributed to seasonal trends and the impact of numerous public holidays in Q1-24 and Q2-24, which will also affect overall production in 2024. The forecasted production for 2024 is 1.32 million MT, representing a decrease of -2.31% YoY.

Robust Profitability

Although productivity in Q1-24 decreased, impacting sales revenue down by Despite the decline in productivity in Q1-24, which caused a -9.80% drop in sales revenue, BWPT managed to generate robust profitability. Net Income Attributable to the Parent grew by 159.95%, reaching IDR 47.49 billion, driven by a decrease in COGS and Other Income (Expense) by -18.79% YoY and -21.64% YoY, respectively. Additionally, both Interest Expense and Amortization Expense decreased by -22.29% YoY and -10.67% YoY, attributed to the company's strategy of utilizing more internal cash and reducing bank loans. EBITDA reached IDR 316.61 billion, marking a growth of 25.17% YoY. It is forecast that BWPT will continue to generate more profit, with Net Income Attributable to the Parent and EBITDA expected to grow by 22.80% YoY and 16.87% YoY, reaching IDR 217.38 billion and IDR 1.31 trillion, respectively.

Improved Solvency

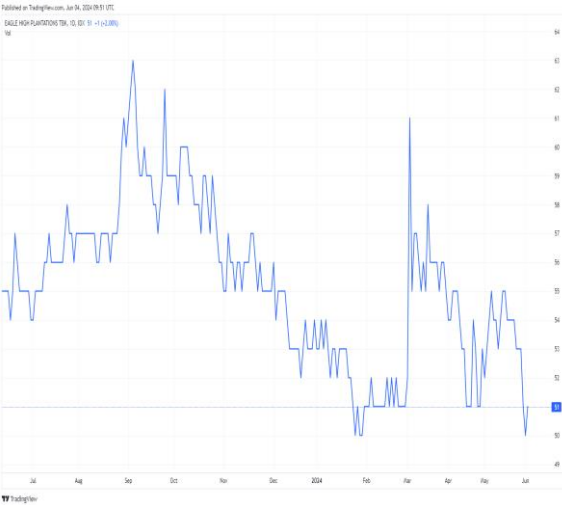
BWPT's solvency has shown significant annual improvement, evident in its Q1-24 Debt-to-Equity Ratio (DER) and Financial Leverage Ratio, which decreased to levels of 2.21x and 5.01x from 2.72x and 6.24x, respectively. This improvement stems from its strategy to reduce financing from banks, as indicated by the decrease in Total Interest-Bearing Liabilities by -5.45% QoQ, with long-term bank loans decreasing by -6.00% QoQ. We forecast that in 2024, BWPT's DER and Financial Leverage Ratio will stand at levels of 1.85x and 4.34x, respectively.

Investment Grade Rating from PEFINDO

BWPT has recently attained an A- rating from PEFINDO, classifying it as Investment Grade. This rating indicates the company's strong ability to fulfil its long-term financial commitments, albeit with potential vulnerability to adverse changes in conditions. Leveraging this PEFINDO rating, BWPT intends to raise funds via the debt-capital market, specifically through Green/Sustainable Bonds in the future. This decision is driven by the allure of cheaper and lower interest rates compared to bank loans.

Valuation: BUY, 47% potential upside

Based on Q1-24 results, our EV/EBITDA target is 5.14x. We maintain our "Buy" recommendation with a target price of IDR 75/share, which equates to a valuation of 10.76x PER and offers a potential 47% upside.



Stock Code **BWPT IJ**
Bloomberg code **1,607.8**
Market cap (IDR Bn) **70**
52-Week High (IDR) **50**
52-Week Low (IDR) **53**
6-m Avg Daily. Val (IDR) **23.98**
Free Float (%) **23.98**

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

USD/IDR-YE (JISDOR)
2023A **15,439**
2024F **15,711**

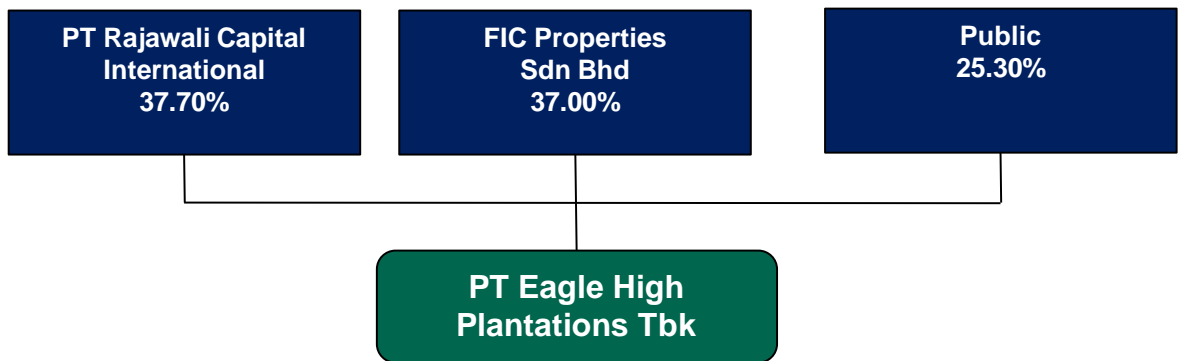
Key Indicators **2024F**
DER (x) **1.85**
Debt ratio (x) **0.46**
EBITDA Margin (%) **32.00**

Financial Highlight (%)	2020 A	2021 A	2022 A	2023 A	2024 F
EBITDA (IDR Bn)	361.25	808.22	1,100.62	1,120.93	1,310.02
Net Income Attributable to The Parent (IDR Bn)	(1,081.10)	(1,403.47)	17.48	177.03	217.38
Net Profit Margin (%)	-49.17%	-47.76%	0.38%	4.21%	5.31%
ROA (%)	-31.40%	-69.25%	0.86%	8.11%	8.82%
Debt Ratio (x)	0.47	0.60	0.58	0.50	0.46
EPS (IDR)	(34.29)	(44.52)	0.55	5.68	6.97
EV/EBITDA	32.28	11.75	8.19	6.04	5.14

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

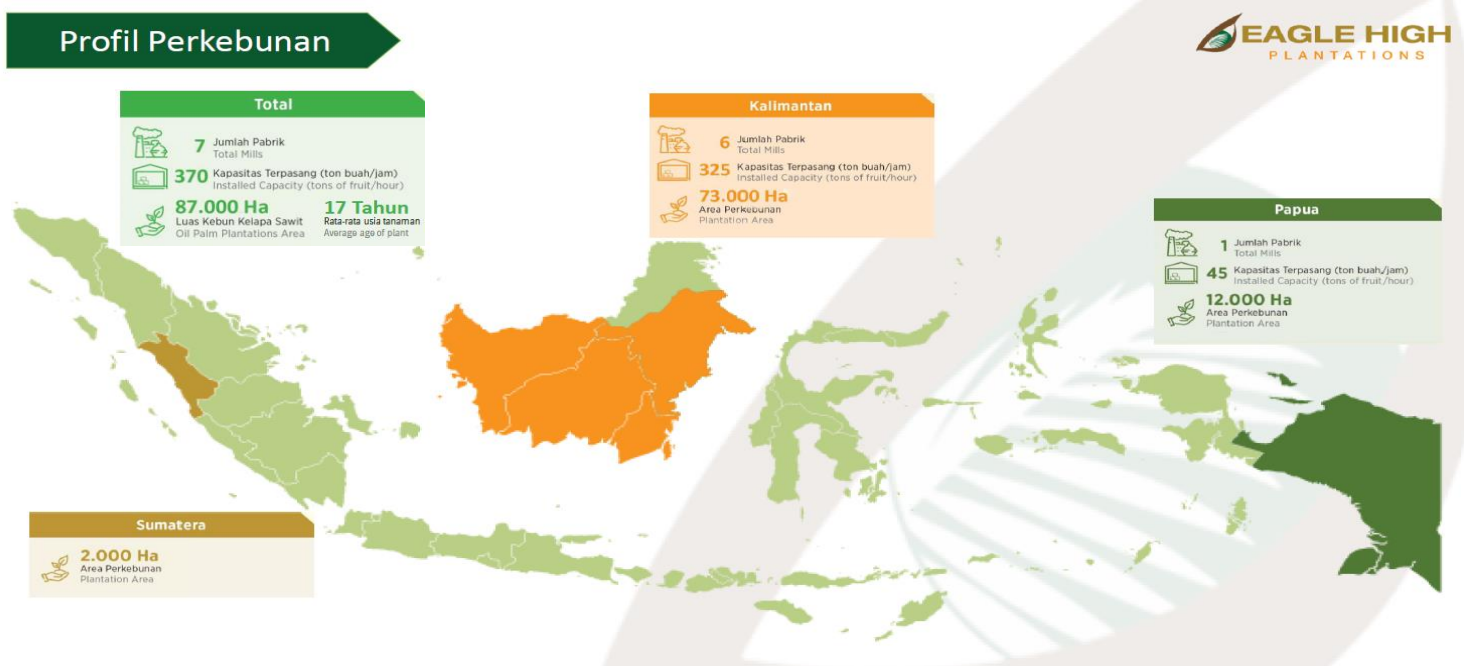


Chart 1: BWPT Production QoQ (in MT)

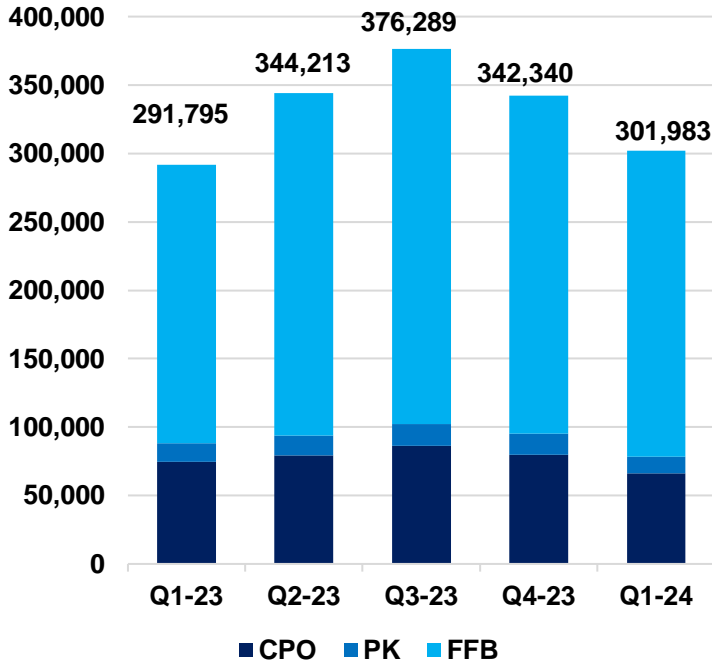


Chart 2: EBITDA and Net Profit For The Year Attributable To Parent Entity QoQ (in IDR Bn)

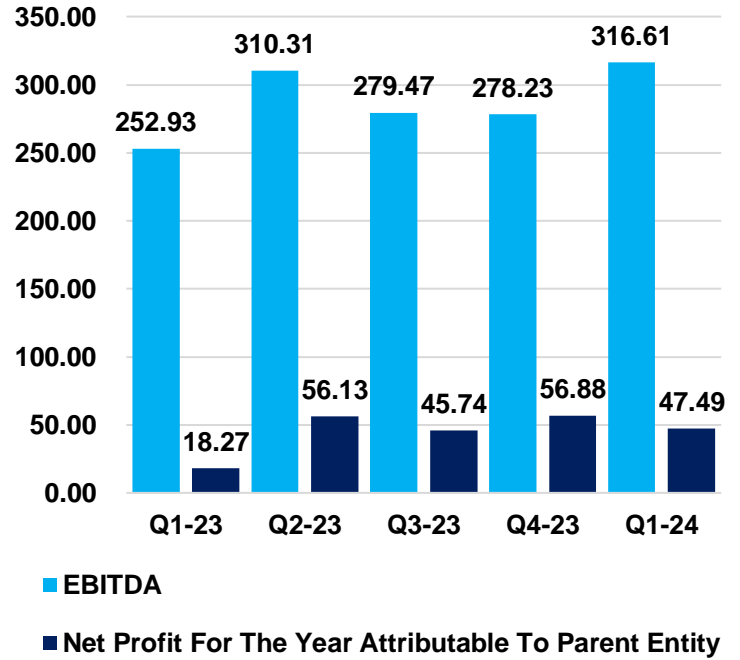


Chart 3: BWPT's Profitability Ratio QoQ (in %)

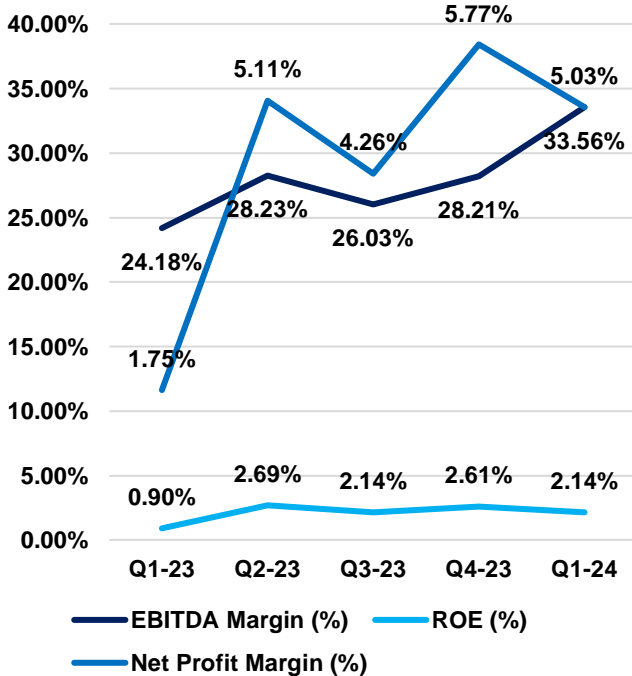


Chart 4: BWPT's Solvency Ratio QoQ (x)

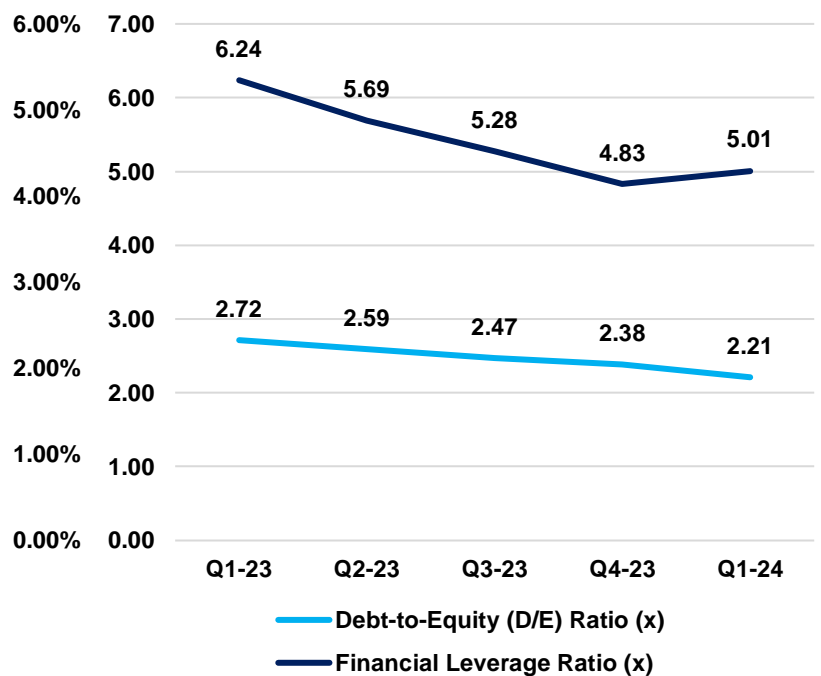


Chart 1: BWPT Production YoY (in MT)

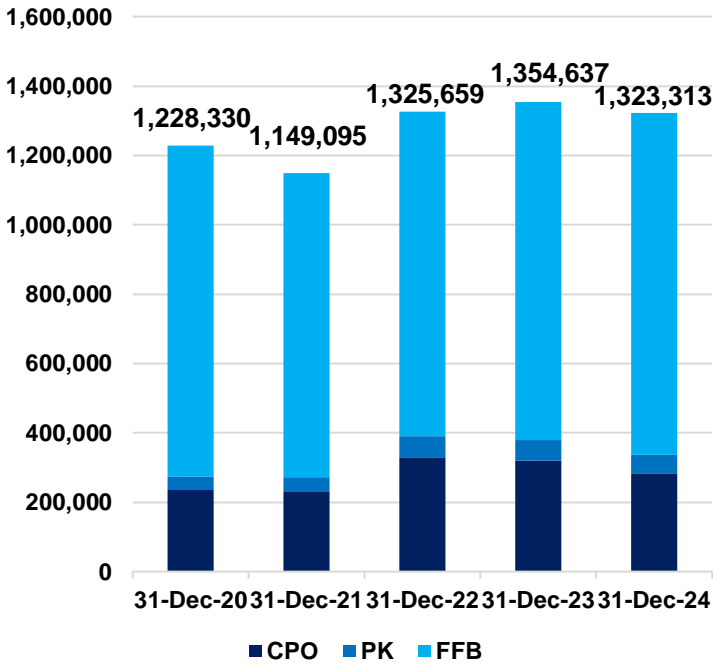


Chart 2: EBITDA and Net Profit For The Year Attributable To Parent Entity YoY (in IDR Bn)

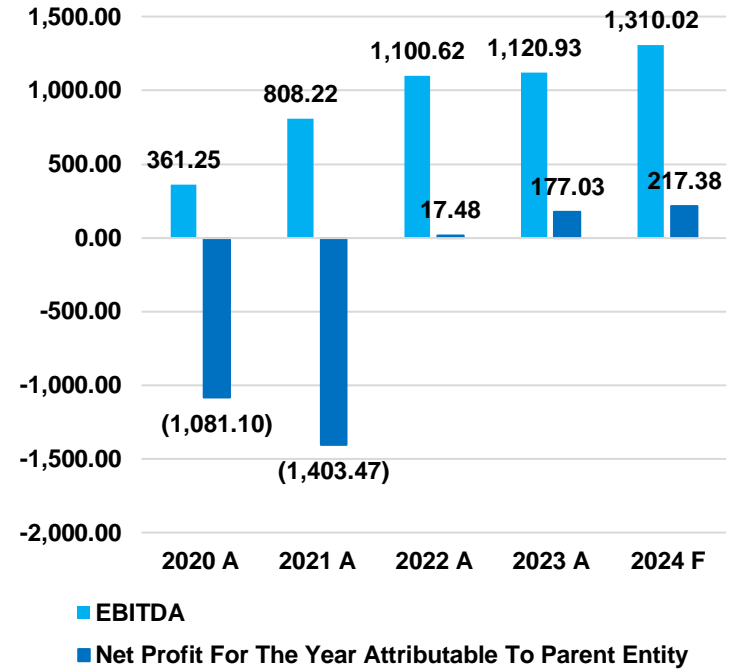


Chart 3: BWPT's Profitability Ratio (in %)

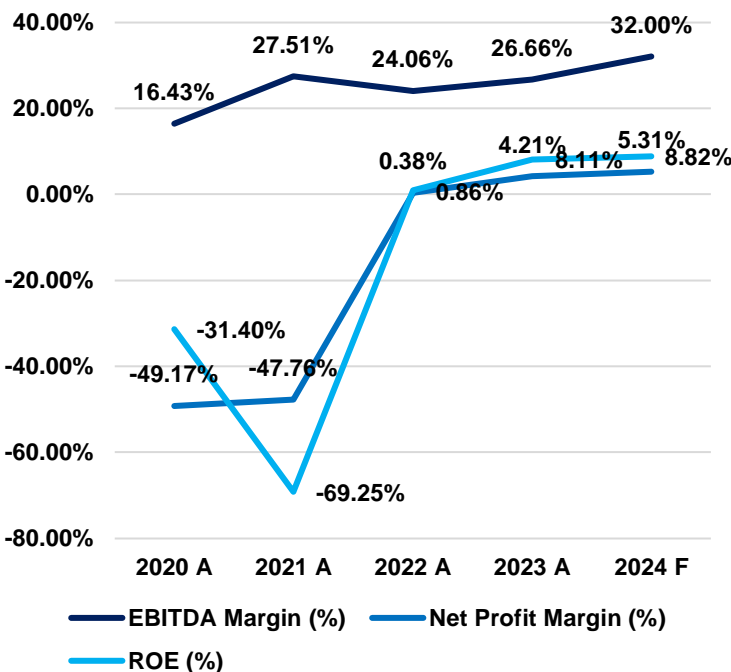
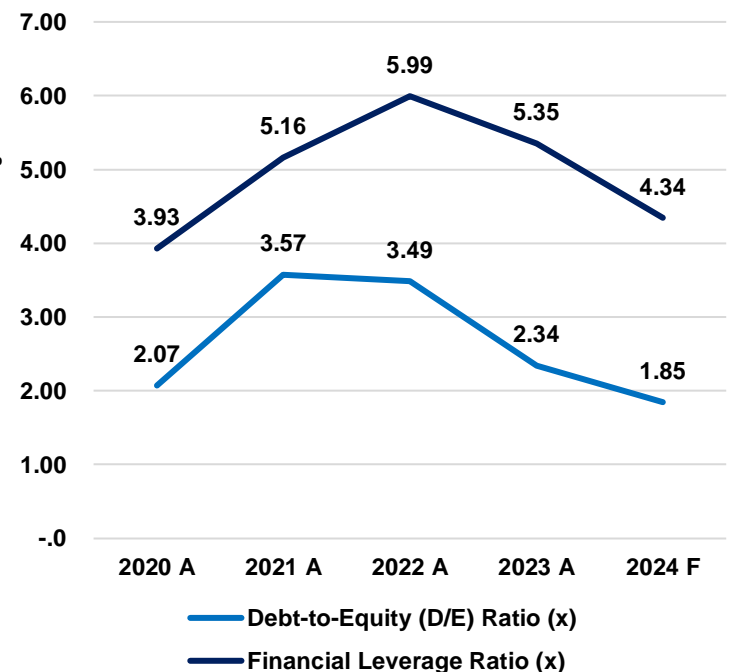


Chart 4: BWPT's Solvency Ratio (x)



Profit or Loss QoQ

Statements of Profit or Loss (IDR Bn)	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
Net sales	1,045.89	1,099.08	1,073.45	986.21	943.36
Cost of Goods Sold	(820.34)	(835.31)	(804.28)	(687.54)	(666.17)
Gross Profit	225.55	263.76	269.17	298.67	277.19
Operating Expenses	(92.83)	(80.72)	(98.35)	(81.78)	(94.31)
Operating Profit	132.72	183.04	170.82	216.88	182.88
Other income (Expenses)	(128.51)	(346.05)	(113.92)	(239.15)	(100.70)
Income Before Tax	4.22	(163.00)	56.90	(22.26)	82.18
Tax	6.74	215.85	(16.40)	77.94	(31.30)
Net Income	10.96	52.85	40.49	55.67	50.89
Income For The Year Attributable To NCI	(7.31)	(3.29)	(5.24)	(1.21)	3.39
Net Profit For The Year Attributable To Parent Entity	18.27	56.13	45.74	56.88	47.49
EBITDA	252.93	310.31	279.47	278.23	316.61
EPS	0.58	1.78	1.45	1.82	1.53

Financial Position QoQ

Statements of Financial Position (IDR Bn)	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
Cash and Cash equivalents	40.33	39.99	52.54	27.38	63.01
Trade accounts receivable	31.13	82.60	88.78	32.14	63.28
Inventories	458.75	431.70	216.51	214.13	226.88
Other current assets	3,014.43	1,165.87	1,206.36	1,026.36	1,025.36
Total Current Assets	3,544.64	1,720.16	1,564.19	1,300.01	1,378.52
Fixed Assets	3,045.09	2,956.73	2,868.49	3,198.86	3,156.06
Other non-current assets	5,646.68	5,844.88	5,783.66	5,684.64	5,555.06
Total Non-current Assets	8,691.77	8,801.61	8,652.15	8,883.50	8,711.12
Total Asset	12,236.41	10,521.77	10,216.34	10,183.51	10,089.64
Trade accounts payable	593.77	766.84	642.01	704.90	650.55
Short-term bank loans	442.10	461.86	492.42	393.72	394.57
Other current liabilities	3,905	2,192	2,542	2,414	2,534
Total Current Liabilities	4,940.94	3,420.90	3,676.60	3,513.09	3,579.26
Long-term liabilities	3,959.35	3,765.21	3,214.77	3,264.84	3,067.14
Other non-current liabilities	1,279.38	1,230.03	1,181.63	1,214.04	1,210.07
Total Non-current Liabilities	5,238.72	4,995.24	4,396.40	4,478.88	4,277.22
Total Liabilities	10,179.67	8,416.14	8,073.01	7,991.96	7,856.48
Non-controlling interests	18.98	15.69	10.45	9.24	12.63
Total Equity Attributable to Owners of the Company	2,037.77	2,089.93	2,132.89	2,182.32	2,220.54
Total Equity	2,056.74	2,105.62	2,143.33	2,191.55	2,233.17
Total Liabilities & Equity	12,236.41	10,521.77	10,216.34	10,183.51	10,089.64

Profit or Loss YoY

Statements of Profit or Loss (IDR Bn)	2020 A	2021 A	2022 A	2023 A	2024 F
Net sales	2,198.67	2,938.34	4,574.12	4,204.61	4,093.94
Cost of Goods Sold	(2,143.03)	(2,313.29)	(3,542.67)	(3,147.47)	(2,939.92)
Gross Profit	55.64	625.05	1,031.46	1,057.15	1,154.01
Operating Expenses	(342.59)	(346.64)	(370.35)	(353.68)	(359.37)
Operating Profit	(299.69)	278.41	661.11	703.47	794.64
Other income (Expenses)	(850.38)	(2,205.30)	(776.04)	(827.62)	(438.50)
Income Before Tax	(1,150.06)	(1,926.90)	(114.93)	(124.15)	356.14
Tax	41.67	509.60	127.57	284.12	(125.19)
Net Income	(1,108.39)	(1,417.29)	12.63	159.97	230.96
Income For The Year Attributable To NCI	27.29	13.83	4.84	17.06	13.57
Net Profit For The Year Attributable To Parent Entity	(1,081.10)	(1,403.47)	17.48	177.03	217.38
EBITDA	357.40	802.46	1,100.62	1,120.93	1,310.02
EPS	(34.29)	(44.52)	0.55	5.68	6.97

Financial Position YoY

Statements of Financial Position (IDR Bn)	2020 A	2021 A	2022 A	2023 A	2024 F
Cash and Cash equivalents	41.46	103.58	108.88	27.38	147.73
Trade accounts receivable	64.42	41.55	41.01	32.14	25.42
Inventories	191.09	272.00	484.15	214.13	362.64
Other current assets	4,349.39	1,356.03	1,249.74	1,026.36	1,058.94
Total Current Assets	4,646.36	1,773.16	1,883.77	1,300.01	1,594.74
Fixed Assets	3,350.41	3,295.84	3,487.98	3,198.86	3,437.95
Other non-current assets	7,064.20	6,976.04	6,851.82	5,684.64	5,023.26
Total Non-current Assets	10,414.61	10,271.89	10,339.80	8,883.50	8,461.22
Total Asset	15,060.97	12,045.05	12,223.57	10,183.51	10,055.96
Trade accounts payable	686.59	451.81	715.29	704.90	757.31
Short-term bank loans	332.64	442.10	442.10	393.72	406.13
Other current liabilities	4,026.61	2,112.74	2,236.90	2,414.47	2,484.58
Total Current Liabilities	5,045.85	3,006.65	3,394.29	3,513.09	3,648.02
Long-term liabilities	5,569.69	5,846.67	5,527.37	3,264.84	2,817.39
Other non-current liabilities	957.77	1,133.91	1,252.26	1,214.04	1,108.42
Total Non-current Liabilities	6,527.47	6,980.58	6,779.63	4,478.88	3,925.81
Total Liabilities	11,573.31	9,987.22	10,173.93	7,991.96	7,573.83
Non-controlling interests	44.96	31.13	26.29	9.24	16.98
Total Equity Attributable to Owners of the Company	3,442.70	2,026.69	2,023.35	2,182.32	2,465.15
Total Equity	3,487.66	2,057.82	2,049.64	2,191.55	2,482.13
Total Liabilities & Equity	15,060.97	12,045.05	12,223.57	10,183.51	10,055.96

Ratio Analysis (QoQ)

Ratio Analysis (QoQ)	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
Liquidity					
Current Ratio (x)	0.72	0.50	0.43	0.37	0.39
Quick Ratio (x)	0.01	0.04	0.04	0.02	0.04
Cash Ratio (x)	0.01	0.01	0.01	0.01	0.02
Profitability					
Operating Margin (%)	12.69%	16.65%	15.91%	21.99%	19.39%
EBITDA Margin (%)	24.18%	28.23%	26.03%	28.21%	33.56%
Net Profit Margin (%)	1.75%	5.11%	4.26%	5.77%	5.03%
ROE (%)	0.90%	2.69%	2.14%	2.61%	2.14%
ROA (%)	0.15%	0.53%	0.45%	0.56%	0.47%
Efficiency					
Receivable turnover (x)	29.00	37.72	37.56	69.55	19.77
A/R Days	3.10	2.41	2.45	1.32	4.60
Inventory turnover (x)	1.74	3.72	7.59	14.62	3.02
Inventory Days	38.26	17.12	9.13	10.21	30.12
Solvency					
Debt-to-Equity (D/E) Ratio (x)	2.72	2.59	2.47	2.38	2.21
Debt Ratio (x)	0.45	0.51	0.52	0.51	0.49
Interest Coverage Ratio (x)	0.85	1.08	1.18	1.25	1.51
Financial Leverage Ratio (x)	6.24	5.69	5.28	4.83	5.01
Per Share Ratio (IDR)					
EPS	0.58	1.78	1.45	1.82	1.53
BVPS	65.24	66.79	67.99	70.29	71.75

Cash Flows

Statements of Cash Flows (IDR Bn)	2020 A	2021 A	2022 A	2023 A	2024 F
Net Income	(1,081.10)	(1,403.47)	17.48	177.03	217.38
+Depreciation and Amortization	657.08	524.05	439.51	417.47	515.38
- Changes in WC	(427.26)	896.12	282.34	621.06	(39.44)
Cash From Operating Activities	(851.28)	16.70	739.32	1,215.55	693.32
Changes in Fixed Assets	(137.80)	(469.48)	(631.64)	(128.36)	(754.47)
Changes in Other Long-Term Assets	3,258.93	88.16	124.22	1,167.19	661.38
Cash From Investing Activities	3,121.12	(381.33)	(507.42)	1,038.83	(93.09)
Changes in Long-Term Liabilities	(2,424.30)	276.97	(319.30)	(2,262.53)	(447.44)
Changes in Long-Term Liabilities	208.05	176.14	118.36	(38.23)	(105.62)
Changes in Equity	(44.49)	(26.36)	(25.66)	(35.12)	73.20
Cash From Financing Activities	(2,260.73)	426.75	(226.60)	(2,335.88)	(479.87)
Net Changes in Cash	9.11	62.12	5.30	(81.50)	120.36
Beginning Balance	32.35	41.46	103.58	108.88	27.38
Ending balance	41.46	103.58	108.88	27.38	147.73

Ratio Analysis

Ratio Analysis	2020 A	2021 A	2022 A	2023 A	2024 F
Liquidity					
Current Ratio (x)	0.92	0.59	0.55	0.37	0.40
Quick Ratio (x)	0.02	0.05	0.04	0.02	0.01
Cash Ratio (x)	0.01	0.03	0.03	0.01	0.04
Profitability					
Operating Margin (%)	-13.63%	9.48%	14.45%	16.73%	19.41%
EBITDA Margin (%)	16.26%	27.31%	24.06%	26.66%	32.00%
Net Profit Margin (%)	-49.17%	-47.76%	0.38%	4.21%	5.31%
ROE (%)	-31.40%	-69.25%	0.86%	8.11%	8.82%
ROA (%)	-7.18%	-11.65%	0.14%	1.74%	2.19%
Efficiency					
Receivable turnover (x)	25.15	55.45	110.81	114.97	142.25
A/R Days	14.51	6.58	3.29	3.17	3.23
Inventory turnover (x)	9.97	9.99	9.37	9.01	10.19
Inventory Days	36.71	36.53	38.95	40.49	35.90
Solvency					
Debt-to-Equity (D/E) Ratio (x)	2.07	3.57	3.49	2.34	1.85
Debt Ratio (x)	0.47	0.60	0.58	0.50	0.46
Interest Coverage Ratio (x)	(0.33)	0.39	1.14	1.25	1.58
Financial Leverage Ratio (x)	3.93	5.16	5.99	5.35	4.34
Per Share Ratio (IDR)					
EPS	(34.29)	(44.52)	0.55	5.68	6.97
BVPS	109.20	64.29	64.18	70.00	79.07

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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