Eagle High Plantations (BWPT IJ)

On The Verge Of A Turnaround

Highlights

- Net gearing fell to 1.5x in 1H26 from a 3.5x peak in 2021, with a quasi-reorganisation completed in 2Q26. Earnings momentum remains intact, with the company guiding for about 20% net profit growth in 2026.
- Management expects FFB yield to improve as higher-density plantings from three years ago mature, with replanting starting next year. Its first kernel crushing plant, due 2Q27, is expected to contribute around 10% of revenue.
- While it trades at EV/ha of Rp101m (half the sector average), the company has multiple growth levers ahead, a cleaner balance sheet, and initiatives underway to address its ageing estate and low yield.

Analysis

- **Eagle High Plantations (BWPT) is undergoing a turnaround restructuring process.** Ever since the Rajawali Group took over in 2014, the landbank has expanded nearly 4.4x to 416,006 ha (only 147,263ha of that was planted). Heavy losses followed through 2019-21 (Rp1.4t net loss in 2021). The company has since divested scattered subsidiaries and estates, cutting the landbank to around 157,000 ha, while net gearing fell to 1.5x in 1H26 from a 3.5x peak in 2021 and interest coverage improved to about 3x. A quasi-reorganisation in 2Q26 cleared the accumulated deficit, raising the possibility for dividend payment. What remains is 84,000 ha planted across Kalimantan (~90% of revenue), Papua and Sumatra, with seven mills (400 MT/hour, five RSPO-certified, targeting 100% by 2027) and 94,000 MT of storage.
- **Earnings momentum intact.** The company guides for net profit growth of around 20% yoy in 2026, implying Rp470b, on about 1.3m tonnes of FFB processed (+6% yoy) and higher CPO prices. CPO has continued to trend up, with Nov 26 futures at RM4,940/tonne (~14% above the 1H26 average). In 1H26, revenue rose 17% yoy to Rp3.26t and net profit grew 23% yoy to Rp211b, on higher CPO ASP (+3.6% yoy) and sales volume (+14% yoy). Note that own FFB production fell 5% yoy to 510,233 tonnes, which was more than offset by third-party purchases, which rose ~2x (27% of throughput). Plasma contribution is targeted to reach around 20% of supply by end-26 from 14% in 2Q26.
- **FFB yield is expected to improve.** While BWPT's FFB yield of 12.5tonnes/ha in 2025 is the lowest among peers (vs a peer average of ~18tonnnes/ha), the company expects it to improve from next year, as planting density was raised from about 120 to 135 trees/ha three years ago and those trees are now maturing. Management also guided for a roughly 10-year replanting programme of about 4,000ha/year (4.8% of total planted area) starting next year, with the estate's current average age at around 18 years.

Key Financials

Year to 31 Dec (Rpb)	2021	2022	2023	2024	2025
Net turnover	2,938	4,574	4,205	4,303	5,761
EBITDA	808	1,136	1,135	1,411	1,666
Operating profit	278	697	717	928	1,190
Net profit (rep./act.)	(1,403)	17	177	260	362
EPS (Rp)	(44.5)	0.6	5.7	8.4	11.6
PE (x)	(2.9)	230.9	22.4	15.2	10.9
P/B (x)	2.0	2.0	1.8	1.6	1.4
EV/EBITDA (x)	10.7	7.6	7.6	6.1	5.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	(47.8)	0.4	4.2	6.0	6.3
Net debt/(cash) to equity (%)	345.6	339.1	231.5	177.7	154.2
Interest cover (x)	0.4	1.2	1.3	1.9	2.8
ROE (%)	(51.3)	0.9	8.4	11.3	13.9

Source: BWPT, Bloomberg, UOB Kay Hian

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NOT RATED

Share Price	Rp127
Target Price	n.a.
Upside	n.a.

Stock Data

Sector	Consumer Staples
Bloomberg ticker	BWPT IJ
Shares issued (m)	31,525
Market cap (Rpb)	4,004
Market cap (US$m)	228
3-mth avg daily t'over (US$m)	1.8

Price Performance (%)

52-week high/low				Rp193/Rp60
1mth	3mth	6mth	1yr	YTD
32.3	74.0	4.1	(11.8)	(11.2)

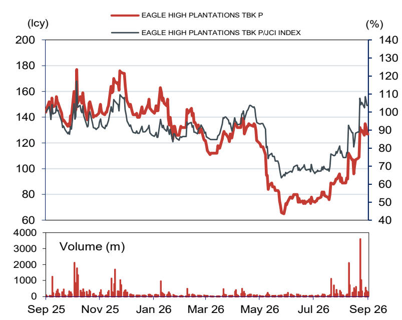
Major Shareholders (%)

Rajawali Capital	37.70
FIC Properties	37.00
Rajawali Kapital Agro	2.55
Taspen	2.08

Balance Sheet Metrics

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

Price Chart



Source: Bloomberg

Company Description

Eagle High Plantations is an Indonesian oil palm plantation company. The company develops, cultivates, and harvests fresh fruit bunches, as well as extracts crude palm oil and palm kernel. It emphasises environmental preservation and safety.

- **El Niño seen as manageable.** Management sees little impact this year, with a possible slowdown in 4Q26 and more in 2027. In past episodes such as 2015-16, output fell 5-10% over roughly two years, partly offset by the higher ASP that accompanies short supply. GAPKI expects an around 10% production impact across affected areas in 2027. BWPT, however, expects its own FFB yield to hold up and potentially improve, given more trees planted over the past three years coming into harvest next year and a higher plasma volume.
- **New kernel plant provides additional upside.** The company is building a 200 tonnes/day kernel crushing plant in Central Kalimantan. Construction is about 30% complete, with operations targeted to begin in 2Q27, producing about 27,000 tonnes/year of PKO.This would be BWPT's first KCP, and the company expects it to contribute around 10% of revenue at higher margin, as PKO typically sells at roughly 2x the PK price.
- **Felda dispute sits above the listco.** FIC Properties, wholly owned by Malaysia's FELDA, bought 37% in Dec 16 at about Rp580/share, an around 95% premium, with a put option attached. FIC exercised it in 2022 and won a SIAC award in Jun 24 ordering Rajawali to repurchase, but the Central Jakarta District Court declined enforcement in Mar 26; FIC then filed cassation to the Supreme Court in Jul 26. Management has clarified with OJK that the dispute sits at the Rajawali-Felda level, with no exposure at the listco. The operating relationship with Felda remains intact, with Felda representation among the commissioners.
- **Continuous deleveraging, refinancing more with bonds.** Net gearing has fallen to 1.5x in 1H26 from a peak of 3.5x in 2021. The company currently holds Rp4.67t of gross debt, about 75% of its bank loans. Management plans to refinance Rp4t into the capital market instruments. It is rated as idA- by Pefindo and rA by KRI.

Valuation

- **Discounted valuation, but multiple growth levers ahead.** BWPT trades at Rp101m/ha, roughly half the sector average of Rp206m/ha, likely reflecting its ageing estate (18 years on average) and low FFB yield (12.5tonnes/ha). However, replanting starts next year, and yield should improve from 2027 as higher-density plantings mature. The new kernel plant adds a further lever, while the quasi-reorganisation opens the door to dividends. Extraction rates remain strong, at 23.3% OER and 4.5% KER.

Peer Comparison

	Price	Market	3M Avg	PE	PBV	ROE	Div. Yield	Net
	10-Sep-26	Cap	Turnover	TTM	Current	TTM	2026F	Gearing
Ticker	(Rp)	(US$m)	(US$m)	(x)	(x)	(%)	(%)	(%)
BWPT	127	228	1.7	10.0	1.3	13.4	n.a.	154.2
TAPG	2,250	2,546	2.0	11.0	3.9	35.4	7.6	(8.8)
NSSS	825	1,119	0.5	29.4	8.6	29.4	n.a.	51.7
DSNG	1,665	1,006	0.4	8.8	1.5	16.1	1.4	30.2
AALI	8,425	924	0.6	8.7	0.7	7.8	4.0	(11.4)
SSMS	1,195	649	0.6	8.3	4.7	56.6	3.6	256.6

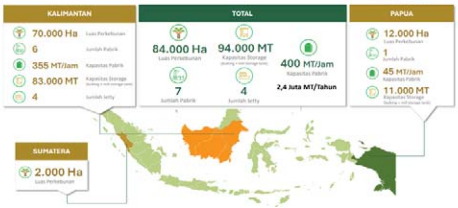
Company	Avg age	FFB Yield (t/ha)	OER(%)	KER(%)	EV/ha (Rp mn)
TAPG	14.0	24.4	23.3	4.9	276
DSNG	15.0	21.4	23.3	4.4	180
CSRA	11.7	20.1	20.7	4.7	101
NSSS	11.5	20.0	22.2	4.8	694
SSMS	15.8	17.6	22.1	4.4	214
PSGO	11.0	17.3	18.2	2.8	116
AALI	16.7	14.6	19.2	4.0	39
LSIP	19.0	13.4	21.9	6.1	28
BWPT	18.0	12.5	23.3	4.5	101

Source: Bloomberg, UOB Kay Hian, Respective companies

Risk/Catalyst

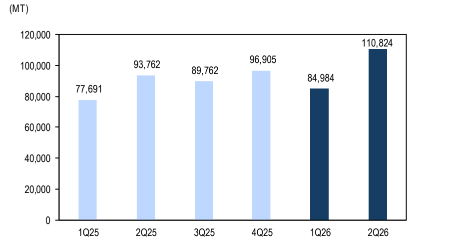
- **Risk:** CPO price volatility, cost inflation from fertiliser and energy, El Nino production disruption.

Operational Data



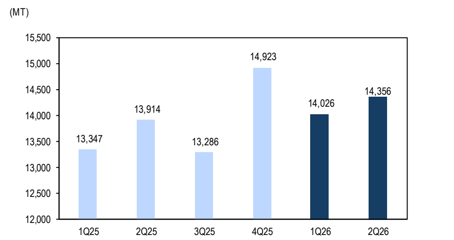
Source: BWPT, UOB Kay Hian

CPO Sales Volume (MT)



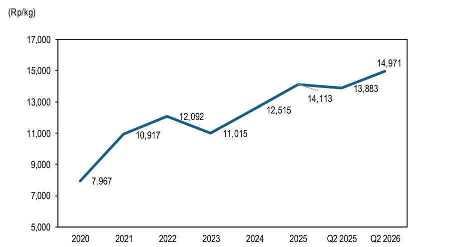
Source: BWPT, UOB Kay Hian

PK Sales Volume



Source: BWPT, UOB Kay Hian

CPO ASP/kg



Source: BWPT, UOB Kay Hian

Profit & loss

Year to 31 Dec (Rpb)	2022	2023	2024	2025
Net turnover	4,574	4,205	4,303	5,761
EBITDA	1,136	1,135	1,411	1,671
Deprec. & amort.	440	417	483	465
EBIT	697	717	928	1,206
Total other non-operating income	(237)	(284)	14	(8)
Associate contributions	1	2	3	4
Net interest income/(expense)	(575)	(557)	(476)	(422)
Pre-tax profit	(115)	(124)	466	776
Tax	128	284	(194)	(397)
Minorities	5	17	(12)	(17)
Net profit	17	177	260	362

Balance Sheet

Year to 31 Dec (Rpb)	2022	2023	2024	2025
Fixed assets	7,516	6,235	5,871	5,753
Other LT assets	2,824	2,648	2,503	2,686
Cash/ST investment	109	27	58	140
Other current assets	1,775	1,273	1,363	1,597
Total assets	12,224	10,184	9,794	10,176
ST debt	1,532	1,837	1,292	1,173
Other current liabilities	1,863	1,676	1,037	1,422
LT debt	5,527	3,265	3,123	3,327
Other LT liabilities	1,252	1,214	1,891	1,427
Shareholders' equity	2,023	2,182	2,431	2,789
Minority interest	26	9	21	39
Total liabilities & equity	12,224	10,184	9,794	10,176

Cash Flow

Year to 31 Dec (Rpb)	2022	2023	2024	2025
Operating	521	640	715	1,344
Pre-tax profit	(115)	(124)	466	776
Tax	128	284	(194)	(397)
Deprec. & amort.	440	417	483	465
Working capital changes	16	275	(152)	98
Non-cash items	52	(212)	111	402
Investing	(207)	(139)	(89)	(829)
Capex (growth)	(221)	(301)	(125)	(338)
Investments	0	3	1	(495)
Others	14	160	35	4
Financing	(309)	(582)	(596)	(433)
Dividend payments	0	0	0	0
Issue of shares	35	(11)	0	0
Proceeds from borrowings	107	1,570	3,264	3,743
Loan repayment	(450)	(2,142)	(3,980)	(3,683)
Others/interest paid	0	0	120	(493)
Net cash inflow (outflow)	5	(81)	31	82
Beginning cash & cash equivalent	104	109	27	58
Ending cash & cash equivalent	109	27	58	140

Key Metric

Year to 31 Dec (%)	2022	2023	2024	2025
Profitability				
EBITDA margin	24.8	27.0	32.8	29.0
Pre-tax margin	(2.5)	(3.0)	10.8	13.5
Net margin	0.4	4.2	6.0	6.3
ROA	0.1	1.6	2.6	3.6
ROE	0.9	8.4	11.3	13.9
Growth				
Turnover	55.7	(8.1)	2.3	33.9
EBITDA	40.7	(0.1)	24.3	18.4
Pre-tax profit	94.0	(8.0)	475.4	66.5
Net profit	(101.2)	912.8	47.0	39.0
Net profit (adj.)	(101.2)	912.8	47.0	39.0
EPS	(101.2)	932.7	47.2	39.0
Leverage				
Debt to total capital	77.5	70.0	64.3	61.4
Debt to equity	344.4	232.8	180.1	159.2
Net debt/(cash) to equity	339.1	231.5	177.7	154.2
Interest cover (x)	1.2	1.3	1.9	2.8