Bumitama Agri (BAL SP)

9M26: Below Expectations On Delayed Sales Realisation

Highlights

- Bumitama's 9M26 net profit of Rp2,440b (+30% yoy) came in below expectations, due to lower-than-expected sales volume from logistic disruptions despite production growth.
- We expect the inventory buildup to be gradually cleared over the next two quarters, while operationally, Bumitama remains resilient on track to exceed its upper end target of 10% yoy.
- We trim our 2026F earnings forecasts by 12% but slightly raised our 2027F estimates by 1% to account for deferred sales realisation into the following year, partly offset by lower FFB production in 2027F.
- Maintain BUY with a target price of S$2.54 based on 14x 2027F PE.

9M26 Results

Year to 31 Dec (Rpb)	3Q26	3Q25	qoq%	yoy%	9M26	yoy%
Revenue	4,243	3,868	(34.3)	9.7	16,327	20.0
EBITDA	1,220	1,208	(41.5)	1.0	4,715	31.7
Core Net Profit	601	607	(43.5)	(1.0)	2,440	30.7
Margin						
EBITDA	28.8	31.2	(11.0)	(8.0)	28.9	12.0
Net Profit	14.5	15.6	(14.1)	(7.2)	15.0	9.3
Sales Volume ('000 tonnes)						
CPO	223	222	(37.7)	0.5	919	(6.9)
Palm Kernel	61	68	(11.6)	(10.3)	195	8.7
Realised CPO Price (Rp per tonne)	15,400	13,800	2.0	11.5	14,900	4.2

Source: Bumitama Agri Ltd, UOB Kay Hian

Analysis

- **Below expectations.** Bumitama Agri's (Bumitama) 9M26 core net profit of Rp2,440t (+30% yoy) came in below expectations, accounting for 64%/66% of our and consensus forecasts respectively. The earnings miss was mainly due to weaker-than-expected CPO sales volume (-38% qoq) in 3Q26, which saw core net profit fell 44% qoq to Rp601b.

Key Financials

Year to 31 Dec (Rp b)	2024	2025	2026F	2027F	2028F
Net turnover	16,732	19,951	24,417	25,831	24,812
EBITDA	4,572	5,635	6,138	7,256	6,581
Operating profit	3,690	4,693	5,243	6,293	5,565
Net profit (rep./act.)	2,287	2,802	3,358	4,054	3,593
Net profit (adj.)	2,322	2,886	3,358	4,054	3,593
EPS (S cents)	11.0	12.8	15.0	18.1	16.0
PE (x)	12.7	10.9	9.3	7.7	8.7
P/B (x)	2.1	2.1	2.0	1.8	1.7
EV/EBITDA (x)	6.5	6.8	5.2	4.2	4.5
Dividend yield (%)	4.8	6.7	7.2	9.1	8.1
Net margin (%)	13.9	14.5	13.8	15.7	14.5
Net debt/(cash) to equity(%)	10.5	6.3	4.4	-3.5	-10.0
Interest cover (x)	28	34	36	28	0
ROE (%)	16.1	18.7	20.8	23.4	19.5
Consensus net profit	n.a	n.a	3,678	3,726	3,645
UOBKH/Consensus (x)	n.a	n.a	0.91	1.09	0.99

Source: Bumitama Agri Ltd, Bloomberg, UOB Kay Hian

Analyst(s)

Amerul Iqmal
ameruliqmal@uobkh.com
+603 2147 1915

BUY (Maintained)

Share Price	S$1.39
Target Price	S$2.54
Upside	82.7%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	BAL SP
Shares issued (m)	1,734.1
Market cap (S$m)	2,440.5
Market cap (US$m)	1,895.7
3-mth avg daily t'over (US$m)	3.6

Price Performance (%)

52-week high/low				S$2.50/S$1.24
1mth	3mth	6mth	1yr	YTD
(21.9)	(25.3)	(27.6)	(3.5)	(3.0)

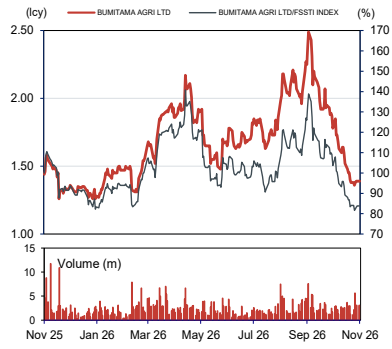
Major Shareholders (%)

Fortune Holdings Ltd	51.6
IOI Corporation	31.7

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.65
FY26 Net Debt/Share (S$)	0.3

Price Chart



Source: Bloomberg

Company Description

Pure upstream palm oil player in Indonesia.

- Revenue declined 34% qoq to Rp4,243b due to lower CPO sales volume (-38% qoq) while EBITDA margin contracted 3.5ppt qoq to 28.8%, weighed down by higher operating cost and additional fire prevention costs. On a yoy basis, 3Q26 core net profit was marginally lower (-1%), as higher operating costs offset the benefit of higher CPO prices (+11% yoy).
- **Bumitama has declared a second interim dividend of 2.55 S cents (3Q25: 2.5 S cents),** bringing cumulative 9M26 dividend to 6.65 S cents, which translated into a 67% payout. The group maintained its net cash position in 3Q26 through sustained positive operating cash flow.
- **Inventory buildup could take up to two quarters to be cleared.** Prolonged dry weather across Bumitama's Kalimantan estates has disrupted logistics infrastructure, affecting shipments and sales deliveries. Management highlighted that inventory has accumulated to more than two months of production, significantly above its historical average of half a month. We expect it could take up to two subsequent quarters to clear the excess inventory, barring an improvement in weather conditions. This echoes the previous inventory build-up in 3Q25 caused by heavy rainfall, which was gradually cleared in 4Q25 and 1Q26.
- **FFB production remains resilient.** Internal FFB production grew 15% yoy in 3Q26 and 13% yoy in 9M26 with yield rising from 14.4 to 16.5 tonne per ha. This puts the group on track to exceed its internal production growth target of 5-10% yoy. However, we note that prolonged dry weather has begun to weigh on bunch weights in the group's estates, with a more pronounced impact expected in 2027. On a positive note, management shared that rainfall has started recovering with average rainfall in Oct 26 close to 100mm, compared to the average of around 15mm recorded between Jul-Sep 26. We maintain our FFB production growth forecasts of 10% for 2026F but revised down 2027 rate to a 2% yoy decline, reflecting the expected El Niño impact.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of S$2.54,** based on 14x PE (+2SD to two-year average PE) pegged to our 2027F EPS. We believe the premium valuation is justified by Bumitama's positive dividend outlook, relatively stable production profile leveraged on the group's strong external purchases network, and constructive CPO outlook heading into 2027 underpinned by Indonesia's implementation of B50 mandate as well as negative yield impacts from the now-confirmed strong El Nino.

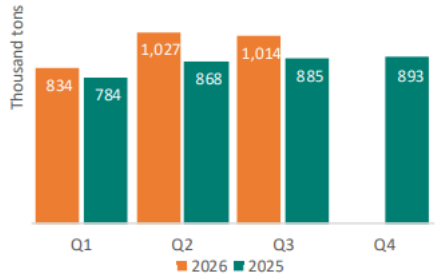
Earnings Revision/Risk

- **We trim our 2026 earnings estimate by 12%, but raise our 2027F estimates slightly by 1%;** after incorporating: a) brought forward sales from 2026 to 2027, and b) downward revision to 2027 FFB production growth from +2% to -2% yoy. Overall, we project Bumitama's earnings to grow by 19.8% in 2026, driven by strong production while 2027F forecasted growth of 20% will be mainly driven by higher CPO prices and sales volume.

Share Price Catalyst

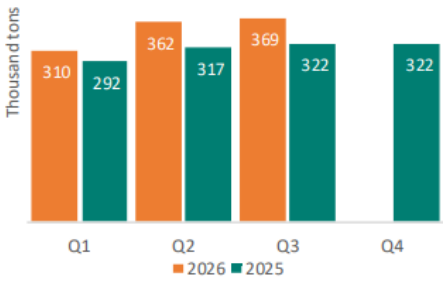
- Higher-than-expected FFB output.
- Stronger-than-expected CPO prices.
- Further enhancement of dividend policy. Bumitama has raised its dividend payout policy twice over the past 24 months, with the current policy set at a minimum payout of 60% and a maximum of 75%.

FFB Production Trend



Source: Bumitama Agri

CPO Production Trend



Source: Bumitama Agri

Key Assumption

	2026	2027	2028
CPO Price (RM/tonne)	4,500	4,700	4,500
FFB Production growth (%)	10%	(2%)	1.5%

Profit & Loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	**19,951**	24,417	25,831	24,812
EBITDA	5,636	6,138	7,256	6,580
Deprec. & amort.	942	896	963	1015
EBIT	4,694	5,243	6,293	5,565
Total other non-operating income	0	50	50	50
Associate contributions	0	0	0	0
Net interest income/(expense)	10	5	24	33
Pre-tax profit	**4,660**	5,248	6,317	5,598
Tax	(1,295)	(1,286)	(1,548)	(1,372)
Minorities	(563)	(605)	(715)	(634)
Net profit	**2,803**	3,358	4,054	3,593
Net profit (adj.)	2,886	3,358	4,054	3,593

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	6,120	6,678	7,082	7,419
Other LT assets	10425	10970	11150	11336
Cash/ST investment	2503	2738	4057	5286
Other current assets	3,816	4,280	4,337	4,277
Total assets	**22,865**	24,667	26,627	28,318
ST debt	1,657	1,657	1,657	1,657
Other current liabilities	1,683	1,772	1,801	1,780
LT debt	1,791	1,791	1,791	1,791
Other LT liabilities	370	370	370	370
Shareholders' equity	15,019	16,127	17,343	18,421
Minority interest	2,345	2,950	3,665	4,299
Total liabilities & equity	**22,865**	24,667	26,627	28,318

Cash Flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	**4,823**	4,851	6,453	6,039
Pre-tax profit	4,660	5,248	6,317	5,598
Tax	(1,295)	-1,286	-1,548	-1,372
Deprec. & amort.	942	896	963	1,015
Working capital changes	252	-375	-29	40
Other operating cashflows	263	363	725	725
Investing	**(1,000)**	-1,500	-1,300	-1,300
Capex (maintenance)	(1,000)	-1,500	-1,300	-1,300
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	0	0	0	0
Financing	**(2,892)**	-3,250	-3,834	-3,511
Dividend payments	(1,892)	-2,250	-2,838	-2,515
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	1	1
Loan repayment	(1,000)	-1,000	-999	-999
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	**931**	102	1,319	1,228
Beginning cash & cash equivalent	**1,705**	2,637	2,738	4,057
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	2,637	2,738	4,057	5,286

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	27.3	25.1	28.1	26.5
Pre-tax margin	21.8	21.5	24.5	22.6
Net margin	13.7	13.8	15.7	14.5
ROA	10.9	13.6	15.2	12.7
ROE	16.1	20.8	23.4	19.5
Growth				
Turnover	8.3	22.4	5.8	(3.9)
EBITDA	1.3	8.9	18.2	(9.3)
Pre-tax profit	(5.5)	12.6	20.4	(11.4)
Net profit	(6.6)	19.8	20.7	(11.4)
Net profit (adj.)	(6.6)	19.8	20.7	(11.4)
EPS	(6.6)	19.8	20.7	(11.4)
Leverage				
Debt to total capital	15.2	14.0	12.9	12.2
Debt to equity	22.5	21.4	19.9	18.7
Net debt/(cash) to equity	10.5	4.4	(3.5)	(10.0)

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.