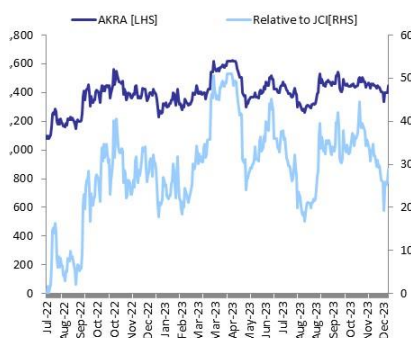


Buy

(Maintained)

| | |
|------------------------------|-------------------|
| Last Price (Rp) | 1,450 |
| Target Price (Rp) | 2,000 |
| Previous Target Price (Rp) | 2,000 |
| Upside/Downside | +37.9% |
| No. of Shares (mn) | 20,074 |
| Mkt Cap (Rpbn/US\$mn) | 29,108/1,878 |
| Avg, Daily T/O (Rpbn/US\$mn) | 50.0/3.2 |
| Free Float (%) | 36.5 |
| Major Shareholder (%) | |
| Arthakencana Rayatama | 59.6 |
| Others | 3.9 |
| EPS Consensus (Rp) | |
| | 2023F 2024F 2025F |
| BRIDS | 135.0 138.8 139.9 |
| Consensus | 132.3 146.4 153.5 |
| BRIDS/Cons (%) | 2.1 (5.2) (8.9) |

AKRA relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

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AKR Corporindo (AKRA IJ)

Optimistic guidance implies growth upside in FY24

- AKRA raised its land sales target to 130ha and target petroleum sales vol. growth of 5-6% in FY24F.
- We maintain our conservative assumptions and FY24F earnings forecast (+2.8% yoy), in view of uncertainties in political and coal price in FY24.
- We retain our Buy rating on attractive LT growth prospect, and SOTP-based TP of Rp2,000.

Expect land sales of 61ha in 4Q23, FY23 of 90ha (slightly below our f'cast)
Management guided that it will book around 90ha of land sales FY23F, slightly below our expectation at 97ha (as we had previously expected Hebang land sales to be recorded in 4Q23). After booking total land sales of 29ha in 9M23, JIPE booked another sales of 61ha in 4Q23 from a Hongkong based investor. With handover to Hebang pushed to 1Q24 (CSPA signed in 3Q23), we accordingly lowered our FY23F land sales to 90 ha which leads to a slight downward adjustment on our FY23F earnings forecast to Rp2.71tr in FY23F (down -1.6% from prev. est.).

Land sales target of 130ha in FY24F reflect management's optimism

AKRA raised its land sales guidance for FY24F with management targeting industrial land sales to reach 130ha, above our assumption of 85ha. Management cited that the latest land sales target is based on inquiries and discussion from foreign and domestic investors (including handover to Hebang in 1Q24). Despite management's more optimistic guidance, we maintained our FY24 land sales estimates at 85ha, reflecting our conservative view on foreign and domestic investments amid the political/ election year.

We retain conservative petroleum volume growth in FY24F

On B2B petroleum sales business, management expects 5-6% yoy volume growth in FY24, driven by demand from clients in Kalimantan and Sulawesi area. Nevertheless, we also maintain a more conservative growth of around 1% to 2.5mn L, taking into consideration growth slowdown in coal production amid continuing price correction (we noted that 50% of AKRA's mining segment volumes are derived from coal mining).

Maintain Buy with SOTP-based TP of Rp2,000.

We maintain our FY24-25F earnings forecasts (with +2.8% and 1% EPS growth) and SOTP-based TP of Rp2,000 for now. Nevertheless, we see some potential upside from our earnings forecasts if AKRA is able to reach their target on T&D and land sales in FY24F which could bring earnings to grow by around 15% yoy to IDR3 tn in FY24F.

Key Financials

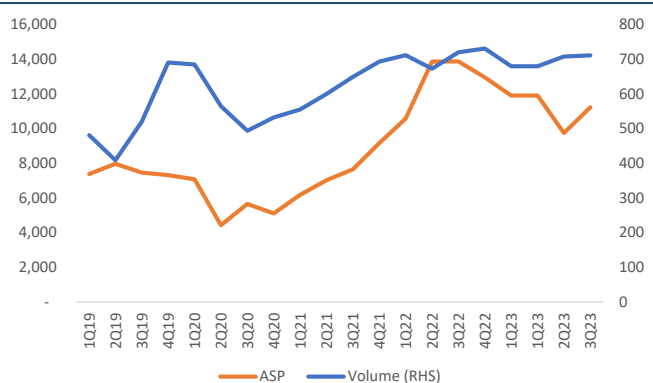
| Year to 31 Dec | 2021A | 2022A | 2023F | 2024F | 2025F |
|-------------------|--------|--------|--------|--------|--------|
| Revenue (Rpbn) | 25,707 | 47,540 | 39,136 | 35,728 | 35,208 |
| EBITDA (Rpbn) | 1,789 | 3,482 | 3,848 | 3,975 | 4,014 |
| EBITDA Growth (%) | 12.6 | 94.7 | 10.5 | 3.3 | 1.0 |
| Net Profit (Rpbn) | 1,112 | 2,403 | 2,711 | 2,786 | 2,808 |
| EPS (Rp) | 55.4 | 119.7 | 135.0 | 138.8 | 139.9 |
| EPS Growth (%) | 20.2 | 116.2 | 12.8 | 2.8 | 0.8 |
| BVPS (Rp) | 474.8 | 558.1 | 624.3 | 692.3 | 760.8 |
| DPS (Rp) | 23.8 | 61.1 | 68.9 | 70.8 | 71.3 |
| PER (x) | 26.2 | 12.1 | 10.7 | 10.4 | 10.4 |
| PBV (x) | 3.1 | 2.6 | 2.3 | 2.1 | 1.9 |
| Dividen yield (%) | 1.6 | 4.2 | 4.7 | 4.9 | 4.9 |
| EV/EBITDA | 16.4 | 7.9 | 6.7 | 6.1 | 5.7 |

Exhibit 2. Forecast changes

| | 2023F | | 2024F | | Changes | |
|---------------|--------|--------|--------|--------|---------|-------|
| | Old | New | Old | New | 2023F | 2024F |
| Revenue | 40,094 | 39,136 | 35,728 | 35,728 | -2.4% | 0.0% |
| Gross Profit | 4,911 | 4,623 | 4,652 | 4,652 | -5.9% | 0.0% |
| EBITDA | 4,110 | 3,848 | 3,975 | 3,975 | -6.4% | 0.0% |
| Net profit | 2,755 | 2,711 | 2,786 | 2,786 | -1.6% | 0.0% |
| Gross margin | 12.2% | 11.8% | 13.0% | 13.0% | | |
| EBITDA margin | 10.3% | 9.8% | 11.1% | 11.1% | | |
| Net margin | 6.9% | 6.9% | 7.8% | 7.8% | | |

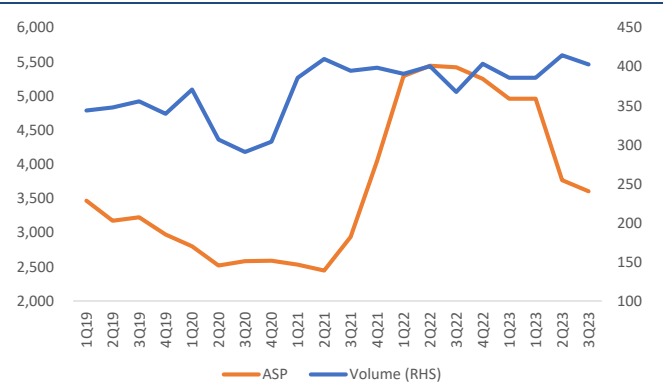
Source: Company BRIDS Estimates

Exhibit 3. Petroleum volume and ASP



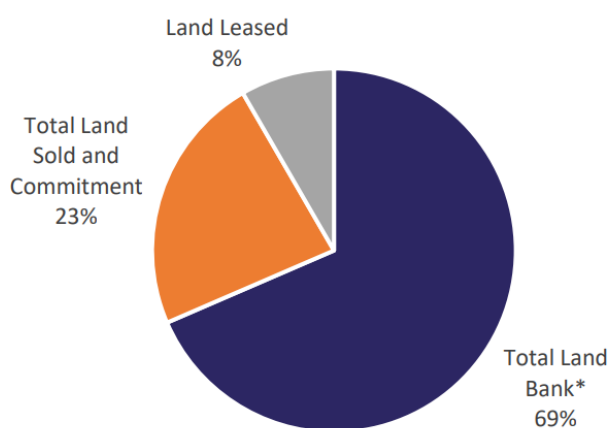
Source: Company, BRIDS Estimates

Exhibit 4. Chemical volume and ASP



Source: Company, BRIDS Estimates

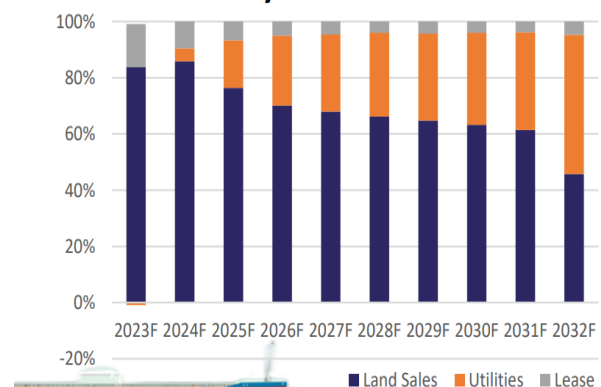
Exhibit 3. Plenty of land bank is still available



Source: Company

Exhibit 4. AKRA expect utilities segment will begin to significantly contribute in FY25F

BKMS Gross Profit Projection from Land sales and Utilities



Source: Company

Exhibit 5. Income Statement

| Year to 31 Dec (Rpbn) | 2021A | 2022A | 2023F | 2024F | 2025F |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 25,707 | 47,540 | 39,136 | 35,728 | 35,208 |
| COGS | (23,414) | (43,288) | (34,513) | (31,076) | (30,536) |
| Gross profit | 2,293 | 4,252 | 4,623 | 4,652 | 4,673 |
| EBITDA | 1,789 | 3,482 | 3,848 | 3,975 | 4,014 |
| Oper. profit | 1,455 | 3,087 | 3,507 | 3,630 | 3,664 |
| Interest income | 37 | 49 | 76 | 145 | 164 |
| Interest expense | (57) | (57) | (68) | (77) | (77) |
| Forex Gain/(Loss) | 0 | 0 | 0 | 0 | 0 |
| Income From Assoc. Co's | 7 | 17 | 17 | 17 | 17 |
| Other Income (Expenses) | (5) | (9) | (9) | (9) | (9) |
| Pre-tax profit | 1,437 | 3,086 | 3,521 | 3,706 | 3,759 |
| Income tax | (302) | (607) | (702) | (729) | (746) |
| Minority interest | (23) | (76) | (109) | (191) | (205) |
| Net profit | 1,112 | 2,403 | 2,711 | 2,786 | 2,808 |
| Core Net Profit | 1,112 | 2,403 | 2,711 | 2,786 | 2,808 |

Exhibit 6. Balance Sheet

| Year to 31 Dec (Rpbn) | 2021A | 2022A | 2023F | 2024F | 2025F |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash & cash equivalent | 2,600 | 4,338 | 8,355 | 9,412 | 10,776 |
| Receivables | 4,512 | 6,020 | 7,562 | 6,904 | 6,803 |
| Inventory | 2,381 | 3,051 | 2,392 | 2,183 | 2,152 |
| Other Curr. Asset | 2,529 | 2,432 | 2,681 | 2,673 | 2,678 |
| Fixed assets - Net | 4,978 | 4,997 | 4,576 | 4,330 | 4,081 |
| Other non-curr.asset | 6,508 | 6,350 | 6,350 | 6,350 | 6,350 |
| Total asset | 23,509 | 27,188 | 31,915 | 31,852 | 32,839 |
| ST Debt | 573 | 556 | 2,200 | 2,018 | 1,989 |
| Payables | 7,846 | 9,312 | 10,776 | 9,795 | 9,645 |
| Other Curr. Liabilities | 888 | 1,412 | 1,192 | 1,124 | 1,113 |
| Long Term Debt | 2,201 | 2,138 | 2,657 | 2,657 | 2,657 |
| Other LT. Liabilities | 701 | 614 | 715 | 710 | 715 |
| Total Liabilities | 12,210 | 14,033 | 17,541 | 16,303 | 16,120 |
| Shareholder's Funds | 9,532 | 11,204 | 12,533 | 13,898 | 15,273 |
| Minority interests | 1,767 | 1,951 | 1,842 | 1,651 | 1,446 |
| Total Equity & Liabilities | 23,509 | 27,188 | 31,915 | 31,852 | 32,839 |

Exhibit 7. Cash Flow

| Year to 31 Dec (Rpbn) | 2021A | 2022A | 2023F | 2024F | 2025F |
|----------------------------|----------------|--------------|--------------|----------------|----------------|
| Net income | 1,112 | 2,403 | 2,711 | 2,786 | 2,808 |
| Depreciation and Amort. | 334 | 395 | 342 | 345 | 349 |
| Change in Working Capital | 1,276 | (107) | 1,756 | (356) | (62) |
| Other Oper. Cash Flow | 585 | 238 | (1,644) | 183 | 29 |
| Operating Cash Flow | 3,306 | 2,929 | 3,164 | 2,958 | 3,124 |
| Capex | (186) | (414) | 79 | (100) | (100) |
| Others Inv. Cash Flow | (997) | (53) | 0 | 0 | 0 |
| Investing Cash Flow | (1,183) | (467) | 79 | (100) | (100) |
| Net change in debt | (703) | (178) | 2,264 | (188) | (23) |
| New Capital | 0 | 0 | 0 | 0 | 0 |
| Dividend payment | (478) | (1,226) | (1,383) | (1,421) | (1,432) |
| Other Fin. Cash Flow | 109 | 678 | (109) | (191) | (205) |
| Financing Cash Flow | (1,072) | (725) | 773 | (1,800) | (1,660) |
| Net Change in Cash | 1,051 | 1,737 | 4,017 | 1,058 | 1,364 |
| Cash - begin of the year | 1,549 | 2,600 | 4,338 | 8,355 | 9,412 |
| Cash - end of the year | 2,600 | 4,338 | 8,355 | 9,412 | 10,776 |

Exhibit 8. Key Ratios

| Year to 31 Dec | 2021A | 2022A | 2023F | 2024F | 2025F |
|--------------------------|-------|-------|--------|-------|-------|
| Growth (%) | | | | | |
| Sales | 45.1 | 84.9 | (17.7) | (8.7) | (1.5) |
| EBITDA | 12.6 | 94.7 | 10.5 | 3.3 | 1.0 |
| Operating profit | 15.7 | 112.2 | 13.6 | 3.5 | 1.0 |
| Net profit | 20.2 | 116.2 | 12.8 | 2.8 | 0.8 |
| Profitability (%) | | | | | |
| Gross margin | 8.9 | 8.9 | 11.8 | 13.0 | 13.3 |
| EBITDA margin | 7.0 | 7.3 | 9.8 | 11.1 | 11.4 |
| Operating margin | 5.7 | 6.5 | 9.0 | 10.2 | 10.4 |
| Net margin | 4.3 | 5.1 | 6.9 | 7.8 | 8.0 |
| ROAA | 5.3 | 9.5 | 9.2 | 8.7 | 8.7 |
| ROAE | 12.2 | 23.2 | 22.8 | 21.1 | 19.2 |
| Leverage | | | | | |
| Net Gearing (x) | 0.0 | (0.1) | (0.2) | (0.3) | (0.4) |
| Interest Coverage (x) | 25.5 | 54.0 | 51.3 | 47.3 | 47.8 |

Source : AKRA, BRIDS Estimates

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INVESTMENT RATING

| | |
|-------------|---|
| BUY | Expected total return of 10% or more within a 12-month period |
| HOLD | Expected total return between -10% and 10% within a 12-month period |
| SELL | Expected total return of -10% or worse within a 12-month period |

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