

Buy

AKR Corporindo (AKRA IJ) FY24 Land Sales Miss; Cautiously Optimistic in FY25

Last Price (Rp)	1,170
Target Price (Rp)	1,600
Upside/Downside	+36.8%
No. of Shares (mn)	20,074
Mkt Cap (Rpbn/US\$mn)	23,487/1,450
Avg, Daily T/O (Rpbn/US\$mn)	38.2/2.4

- AKRA reported 37ha land sales in FY24, which poses a downside risk on Rp2.2tr earnings guidance unless petroleum margin improved in Dec24.
- Management is cautiously optimistic for FY25F, with earnings expectation of Rp2.4-2.6tr and land sales expectation of 90-110ha.
- Maintain BUY for AKRA with TP of Rp1,600. Valuation is not demanding, though land sales execution remains as a key factor.

Key Financials:

	2024F	2025F	2026F
EPS (Rp)	116.0	130.7	144.7
PER (x)	9.5	8.4	7.6
PBV (x)	1.9	1.7	1.5
EV/EBITDA (x)	6.1	5.2	4.3
Dividend yield (%)	8.9	6.3	7.1
ROAE (%)	20.0	21.1	21.1

FY24 achievement: missed on land sales, net profit is at risk

AKRA reported 5ha of land sales in 4Q24, bringing FY24 total land sales of 37ha (below our target of 100ha and company guidance of 110-130ha). Weak land sales were due to deferral of land purchase from one major client (~60ha), of which half of the sales is expected to be recognized in FY25F. Management expect net profit of Rp2.2tr in FY24F, which is ~7% lower than consensus at Rp2.3tr. However, given land sales missed by large margin vs guidance, we expect downside risk from management's net profit expectation, unless there is significant recovery on petroleum margin in Dec24.

FY25 guidance: cautiously optimistic with earnings target of Rp2.4-2.6tr

Management expects net profit of Rp2.4-2.6tr in FY25F (vs cons at Rp2.6tr), with assumptions of: 1) petroleum and chemical sales vol expansion by 5-7%; 2) petroleum margin is similar with FY24F level; 3) land sales of 80-110ha. Management expects land sales of 50ha from Hebang and 30ha (out of 60ha) from deferred client in 2024 are able to be recognized in FY25F. Furthermore, management also expects ramp up in utilities revenue, given Xinyi Glass will start its production by Feb25 and resumption of Freeport's smelter operation in mid-2025.

Maintain BUY rating for now. Valuation has priced in downside risk

We currently have a **BUY** rating for AKRA with TP of **Rp1,600**. AKRA currently trades at undemanding valuation (P/E of 8.4x, -1 std dev of its 5-years mean). Downside risks: 1) Failure to execute land sales; 2) Lower coal and nickel production, which led to lower petroleum volume and margin.

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Exhibit 1. AKRA's Forward P/E Band



Source: Bloomberg, Company, 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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