



**BUY**

**Target Price : IDR1,750**

## Stock Data

Current Price : 1,425  
 52wk Range H-L : 1,495-685  
 Share Outstanding : 20.07 Bn  
 Free Float : 37.28%  
 Mkt Capitalization : IDR27.00 tn

## Major Shareholders

PT. Arthakencana Rayatama: 59.60%  
 Public : 37.27%  
 Treasury : 1.68%

## PT AKR Corporindo Tbk (AKRA IJ)

Logistic and Distribution Sector

### Rock solid Bottomline Driven from Margin Expansion

#### Revenue Grew Twice Amid Surging Oil Price

- In the latest 9M22 report, AKRA IJ booked an impressive revenue growth of 100.5% YoY to IDR34.6 tn, which was in line with our estimates (84%/75% of our/cons FY22E estimates). Breaking down its revenue segment, trading and distribution segment remained to be the major force of the surging top-line with IDR33.1 tn (+110.2% YoY) amid the commodity boom. On the other hand, its revenue in the real estate segment recorded a decrease by 80.5% YoY to IDR76.3 bn. Meanwhile, the manufacturing, logistic, and rental segment each recorded rises in the revenue to IDR630.8 bn (+40.6% YoY), IDR562.0 bn (+16.1% YoY), and IDR210.2 bn (+19.1% YoY), respectively.
- The company recorded its petroleum revenue to be IDR26.8 tn (+114.1% YoY), followed by its rising ASP to >IDR12,000/l in 9M22 (vs ~IDR8,000/l in 9M21). Moreover, its petroleum volume in 9M22 was posted at ~2.0 bn KL (vs ~1.8 bn KL in 9M21) with the company targeted for its annual petroleum volume of ~2.7-2.8 bn KL by FY22E. Additionally, with the supply chain shortage, AKRA was benefitted by having its own logistic chain with >300 trucks and >12 tankers.
- AKRA IJ had also opened 33 AKR-BP fuel stations by 9M22 with the company targeted to open another 7 new service stations by FY22E, and by FY30F, AKRA projected to have 350 BP-AKR fuel stations. With the narrowing price differential of fuel price between its peers, the management believed that it will boost AKR-BP sales for FY22E. In addition, AKRA also gained recurring income from shops or retails in the fuel station, which also acts as traffic gainer for the fuel station.
- Furthermore, AKRA booked its chemical revenue in 9M22 to IDR6.2 tn (+95.0% YoY) where the company also recorded increase in its ASP to >IDR5,000/kg (vs ~IDR2,750/kg in 9M21). The increase in the chemical revenue was driven from higher demand of basic chemical products, including chlor alkali products for the government downstream program, higher price of caustic soda due to global shortage, as well as AKRA's vast logistic chain business.

#### Margins Grew Higher Quarterly

- In 9M22, AKRA reported gross profit of IDR2.7 bn (+72.4% YoY), which was in line with our estimates (83%/74% of our/cons FY22E estimates). However, its GPM was recorded a decrease to 7.9% (vs 9.1% in 9M21) due to higher COGS by 103.3% YoY to IDR31.9 tn from the higher basic chemical and petroleum cost to IDR30.3 tn (+112.2% YoY) and logistic cost to IDR339.6 bn (+89.0% YoY). Meanwhile, with the normalized global oil price and global shipping cost in 3Q22, quarterly, AKRA's GPM was recorded a rise at 8.8% in 3Q22 (vs 7.3%/7.4% in 2Q22/3Q21).
- EBITDA was booked at IDR2.25 tn in 9M22 (+64.0% YoY), in line with our estimates (80%/75% of our/cons FY22E estimates). Thus, this resulted in an EBITDA margin of 6.5% (vs 8.0% in 9M21). Meanwhile, in 3Q22, the margin was recorded at 6.8% (vs 6.3%/6.2% in 2Q22/3Q21).
- On the other hand, net income was reported at IDR1.56 tn (+96.2% YoY), in line with our estimates (84%/74% of our/cons FY22E estimates). As a result, NPM was recorded at 4.5% in 9M22, slightly below 9M21 margin of 4.6%. In addition, quarterly in 3Q22, NPM was recorded at 4.9% (vs 4.4%/3.8% in 2Q22/3Q21).

#### JIIPE's Potency to be One of the Leading Revenue Contributor

- By 9M22, AKRA booked its land sales revenue of IDR47.2 bn (-87.1% YoY), while its utilities and land rental revenues were recorded at IDR29.1 bn (+15.8% YoY) and IDR210.1 bn (+19.1% YoY), respectively. However, the management expected to gain IDR900-1,100 bn from its land sales, as well as land lease and utilities income by FY22E after the company had successfully achieved sales target of 40 Ha.
- Moreover, owning 185 Ha of land in JIPE, PT Freeport Indonesia's 103 Ha copper smelter development was reported to have reached 40% and targeted to be operational in FY24F. Upon the completion of the smelter development, AKRA expects to attract other copper related industries and sulphuric acid-based industries.
- By FY25F, AKRA targeted JIPE gross profit to reach ~30% of AKRA's total gross profit, becoming the second biggest contributor of AKRA's finance after trading and distribution segment. Moreover, utilities segment is projected to contribute to 6-9% of the company's total gross profit as AKRA expected for more tenants residing and/or leasing in this special economy zone (SEZ). Additionally, JIPE is currently undergoing studies to have processed gas distribution which will potentially improve its utilities sales in the future.

#### Maintain BUY with TP of IDR1,750

We recommend **BUY** with **TP of IDR1,750 (+22.8% upside)**, implying **FY22E EV/EBITDA of 11.6x**. As the market leader in the chemical distribution industry, we see AKRA is able to book a growth in its performance in FY22E amidst the commodities rally and higher margins in 3Q22. Moreover, the existence of JIPE can boost AKRA's performance by FY25F as it is proven to be able to attract many of well-known tenants, including PT Freeport Indonesia, where they are currently building its biggest copper smelter in this area.

#### Key Financial Highlight

IDR Billion	FY19	FY20	FY21	FY22E	FY23F
Revenue	21,702.64	17,715.93	25,707.07	46,225.95	47,754.26
Net Profit	717.21	924.93	1,111.62	2,121.65	2,187.28
EPS (IDR)	35.73	46.71	56.32	105.69	108.96
PE (x)	39.88	30.51	25.30	13.48	13.08
BVPS (IDR)	501.50	533.06	572.47	615.22	669.16
PBV (x)	2.84	2.67	2.49	2.32	2.13
EV/EBITDA (x)	21.88	20.38	16.87	9.36	8.74
ROA (%)	3.47	4.61	5.27	8.27	7.73
ROE (%)	7.17	8.97	10.17	17.94	16.97

Sources: Bloomberg, MNCS



**Research Analyst**  
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Exhibit 01. AKRA 9M22 Result vs MNCS vs Bloomberg Consensus

IDR Billion	3Q21	2Q22	3Q22	QoQ	YoY	9M21	9M22	YoY	FY22E Consensus	FY22E MNCS	% Consensus	% MNCS
<b>Revenues</b>	<b>6,543</b>	<b>11,975</b>	<b>12,472</b>	<b>4.2%</b>	<b>90.6%</b>	<b>17,250</b>	<b>34,582</b>	<b>100.5%</b>	<b>41,146</b>	<b>46,226</b>	<b>84%</b>	<b>75%</b>
Trading & Distribution	6,123	11,515	11,987	4.1%	95.8%	15,749	33,103	110.2%				
Manufacturing	177	200	202	1.0%	13.8%	449	631	40.6%				
Logistics	171	186	188	0.9%	10.0%	484	562	16.1%				
Real estate	9	10	11	8.9%	25.0%	392	76	-80.5%				
Rental	63	63	84	32.3%	33.6%	177	210	19.1%				
COGS	6,057	11,095	11,370	2.5%	87.7%	15,672	31,861	103.3%				
<b>Gross Profit</b>	<b>486</b>	<b>880</b>	<b>1,102</b>	<b>25.3%</b>	<b>127.0%</b>	<b>1,578</b>	<b>2,721</b>	<b>72.4%</b>	<b>3,279</b>	<b>3,682</b>	<b>83%</b>	<b>74%</b>
<i>Gross profit margin</i>	<i>7.4%</i>	<i>7.3%</i>	<i>8.8%</i>			<i>9.1%</i>	<i>7.9%</i>					
Operating Expense	171	229	372	63.0%	117.7%	499	799	59.9%				
<b>Operating Profit</b>	<b>315</b>	<b>651</b>	<b>730</b>	<b>12.1%</b>	<b>132.0%</b>	<b>1,079</b>	<b>1,922</b>	<b>78.2%</b>	<b>2,425</b>	<b>2,593</b>	<b>79%</b>	<b>74%</b>
<i>Operating margin</i>	<i>4.8%</i>	<i>5.4%</i>	<i>5.9%</i>			<i>6.3%</i>	<i>5.6%</i>					
<b>EBITDA</b>	<b>408</b>	<b>758</b>	<b>844</b>	<b>11.3%</b>	<b>106.9%</b>	<b>1,373</b>	<b>2,252</b>	<b>64.0%</b>	<b>2,818</b>	<b>3,016</b>	<b>80%</b>	<b>75%</b>
<i>EBITDA margin</i>	<i>6.2%</i>	<i>6.3%</i>	<i>6.8%</i>			<i>8.0%</i>	<i>6.5%</i>					
Interest Expense	17	16	17	1.7%	-0.2%	49	48	-3.1%				
Interest Income	6	7	13	87.2%	128.6%	23	25	6.0%				
Others	(1)	(1)	(2)			(3)	(5)					
<b>Profit Before Tax</b>	<b>304</b>	<b>642</b>	<b>728</b>	<b>13.3%</b>	<b>139.2%</b>	<b>1,055</b>	<b>1,903</b>	<b>80.4%</b>	<b>2,417</b>	<b>2,554</b>	<b>79%</b>	<b>75%</b>
Net Income Before MI	226	507	581	14.7%	157.1%	836	1,509	80.4%				
Minority Interest	(21)	(21)	(27)	29.8%	-32.4%	39	(55)	-240.2%				
<b>Net Profit</b>	<b>247</b>	<b>527</b>	<b>608</b>	<b>15.3%</b>	<b>146.7%</b>	<b>797</b>	<b>1,564</b>	<b>96.2%</b>	<b>1,871</b>	<b>2,122</b>	<b>84%</b>	<b>74%</b>
<i>Net margin</i>	<i>3.8%</i>	<i>4.4%</i>	<i>4.9%</i>			<i>4.6%</i>	<i>4.5%</i>					

Source : Company, MNCS

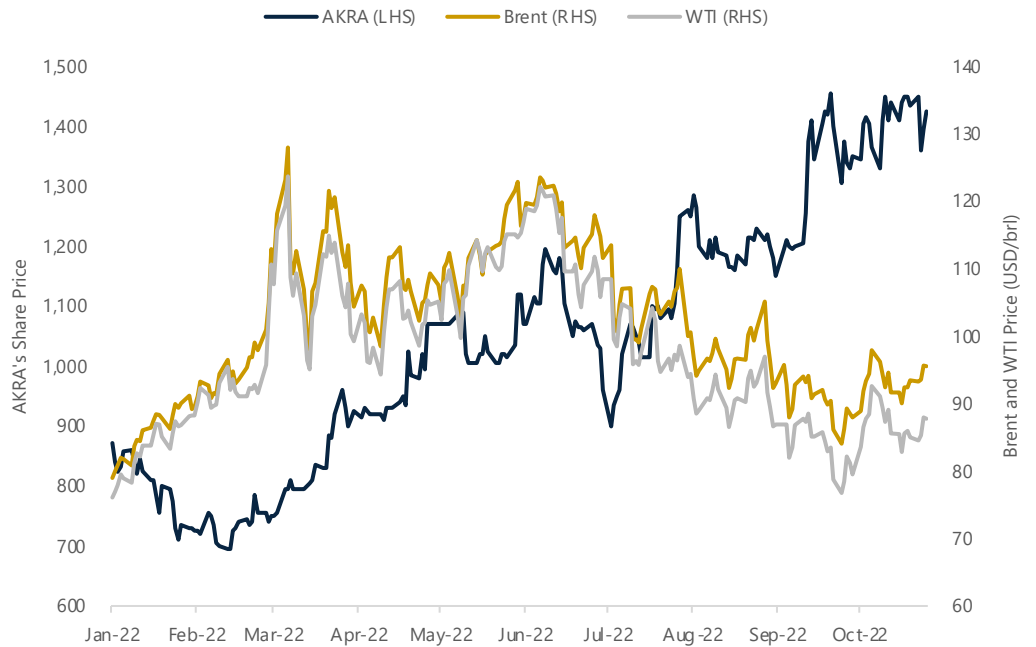
Exhibit 02. MNCS AKRA's New Projection for FY22E

FY22E Projection (IDR bn)	Old	New	Change
<b>Revenues</b>	<b>44,713</b>	<b>46,226</b>	<b>3.4%</b>
COGS	41,440	42,544	2.7%
<b>Gross Profit</b>	<b>3,273</b>	<b>3,682</b>	<b>12.5%</b>
<i>Gross profit margin</i>	<i>7.3%</i>	<i>8.0%</i>	<i>+70 bps</i>
Operating Expense	959	1,089	13.6%
<b>Operating Profit</b>	<b>2,314</b>	<b>2,593</b>	<b>12.0%</b>
<i>Operating profit margin</i>	<i>5.2%</i>	<i>5.6%</i>	<i>+40 bps</i>
<b>EBITDA</b>	<b>2,737</b>	<b>3,016</b>	<b>10.2%</b>
<i>EBITDA margin</i>	<i>6.1%</i>	<i>6.5%</i>	<i>+40 bps</i>
<b>Profit Before Tax</b>	<b>2,324</b>	<b>2,554</b>	<b>9.9%</b>
<b>Net Profit</b>	<b>1,882</b>	<b>2,122</b>	<b>12.7%</b>
<i>Net margin</i>	<i>4.2%</i>	<i>4.6%</i>	<i>+40 bps</i>

Source : Company, MNCS

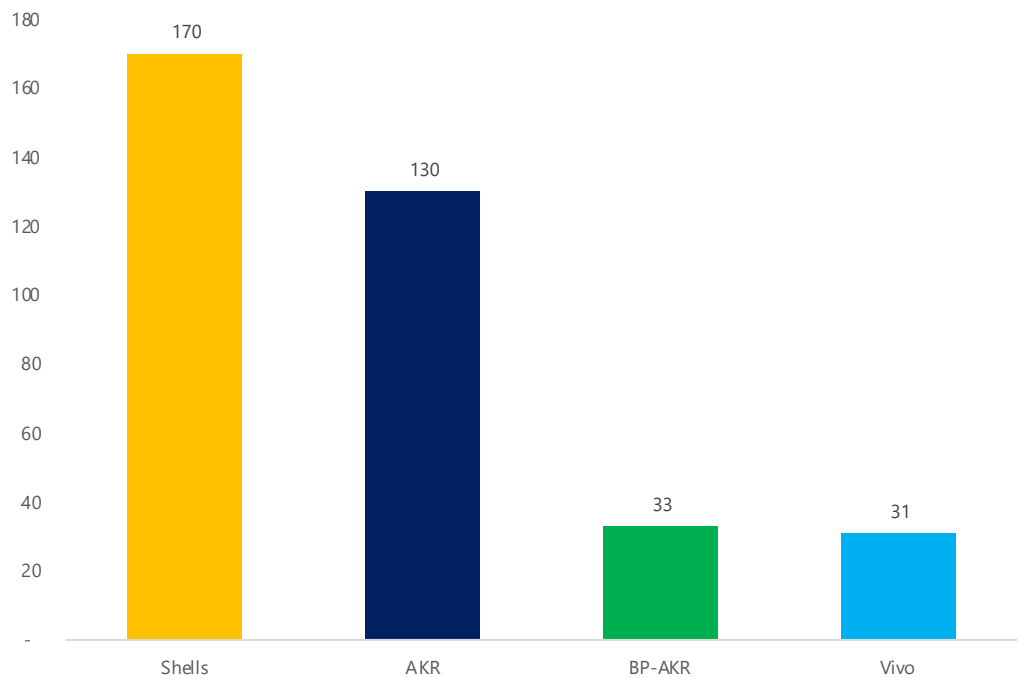
**High crude oil price drove AKRA's share price upwards in 1H22. Meanwhile, starting from 3Q22, AKRA's share price was still in bullish trend despite the falling crude oil price.**

Exhibit 03. Oil and AKRA's Share Price



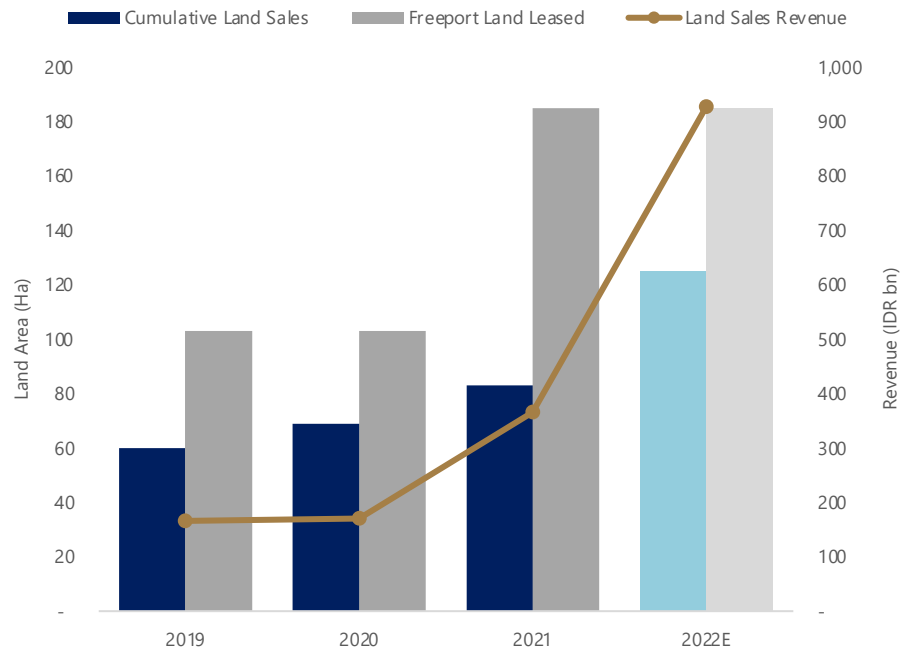
Source : Bloomberg, MNCS

Exhibit 04. BP-AKR Total Service Stations vs Peers in Oct-22



Source : Company, MNCS

Exhibit 05. JIPE's Cumulative Land Sales & Freeport's Land Leased



Source : Company, MNCS

Exhibit 06. AKRA is traded around STD-1 of 5-year EV/EBITDA



Source : Bloomberg, MNCS

Exhibit 07. Financial Projections

Income Statement						Balance Sheet					
IDR Billion	2019	2020	2021	2022E	2023F	IDR Billion	2019	2020	2021	2022E	2023F
<b>Revenues</b>	<b>21,702.64</b>	<b>17,715.93</b>	<b>25,707.07</b>	<b>46,225.95</b>	<b>47,754.26</b>	<b>Current Assets</b>	<b>10,777.64</b>	<b>8,042.42</b>	<b>12,022.68</b>	<b>16,292.84</b>	<b>17,255.46</b>
COGS	19,810.52	15,668.00	23,413.91	42,544.36	43,865.04	Cash & Cash Equivalents	1,860.78	1,549.36	2,600.49	3,416.67	3,726.17
<b>Gross Profit</b>	<b>1,892.12</b>	<b>2,047.93</b>	<b>2,293.16</b>	<b>3,681.59</b>	<b>3,889.22</b>	Trade Receivable	4,320.95	2,368.36	4,488.39	5,699.09	5,887.51
Operating Expense	817.72	846.50	837.84	1,089.04	1,161.77	Inventories	4,091.04	3,633.78	4,507.65	6,410.79	6,850.16
Operating Profit	1,074.40	1,201.43	1,455.32	2,592.55	2,727.45	Others current Assets	504.87	490.91	426.14	766.29	791.62
<b>EBITDA</b>	<b>1,401.28</b>	<b>1,538.14</b>	<b>1,812.24</b>	<b>3,015.73</b>	<b>3,173.47</b>	<b>Non-Current Assets</b>	<b>10,631.41</b>	<b>10,641.15</b>	<b>11,485.91</b>	<b>11,504.96</b>	<b>11,544.97</b>
Interest Expense	110.00	74.28	57.07	79.27	67.97	Fix Asset-net	5,557.55	5,126.12	4,978.38	4,997.05	5,037.06
Interest Income	38.00	42.63	31.78	40.33	52.99	Other Non-Current Assets	5,073.86	5,515.03	6,507.91	6,507.91	6,507.91
Other	175.31	56.95	6.73	0.00	0.00	<b>TOTAL ASSETS</b>	<b>21,409.05</b>	<b>18,683.57</b>	<b>23,508.59</b>	<b>27,797.80</b>	<b>28,800.43</b>
<b>Profit Before Tax</b>	<b>899.08</b>	<b>1,226.73</b>	<b>1,436.75</b>	<b>2,553.62</b>	<b>2,712.48</b>	<b>Current Liabilities</b>	<b>8,712.53</b>	<b>5,102.11</b>	<b>9,306.84</b>	<b>12,041.03</b>	<b>12,275.94</b>
Tax Expense (Benefit)	199.59	264.72	301.74	408.58	501.81	Account Payable	6,425.94	3,616.67	8,360.94	10,840.07	11,056.39
Net Income Before MI	699.50	962.01	1,135.01	2,145.04	2,210.67	ST Debt	2,140.61	1,248.07	505.49	409.03	401.43
Minority Interest	-10.55	-37.08	-23.39	-23.39	-23.39	Other current liabilities	145.98	237.36	440.41	791.93	818.12
<b>Net Profit</b>	<b>717.21</b>	<b>924.93</b>	<b>1,111.62</b>	<b>2,121.65</b>	<b>2,187.28</b>	<b>Non-Current Liabilities</b>	<b>2,629.66</b>	<b>3,025.11</b>	<b>2,902.78</b>	<b>3,407.20</b>	<b>3,092.22</b>
EPS (full amount)	35.73	46.71	56.32	105.69	108.96	LT Debt	2,469.49	2,656.84	2,201.48	2,146.13	1,789.46
						Other Non-Current Liabilities	160.17	368.26	701.30	1,261.06	1,302.76
						<b>TOTAL EQUITY</b>	<b>10,066.86</b>	<b>10,556.36</b>	<b>11,298.97</b>	<b>12,349.57</b>	<b>13,432.27</b>
						<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>21,409.05</b>	<b>18,683.57</b>	<b>23,508.59</b>	<b>27,797.80</b>	<b>28,800.43</b>
Cash Flow						Ratios					
IDR Billion	2019	2020	2021	2022E	2023F	IDR Billion	2019	2020	2021	2022E	2023F
<b>CFO Total</b>	<b>2,160.64</b>	<b>967.56</b>	<b>3,486.73</b>	<b>1,921.50</b>	<b>2,222.69</b>	Revenue Growth (%)	(7.84)	(18.37)	45.11	79.82	3.31
Net Income	717.21	924.93	1,111.62	2,121.65	2,187.28	Operating Profit Growth (%)	14.79	11.82	21.13	78.14	5.20
Depreciation	326.89	336.71	356.93	423.18	446.02	Net Profit Growth (%)	0.82	28.96	20.18	90.86	3.09
Change in Working Capital	941.28	(399.42)	1,750.37	(634.72)	(411.46)	Current Ratio (%)	123.70	157.63	129.18	135.31	140.56
Change in Others	175.27	105.34	267.81	11.38	0.85	Quick Ratio (%)	70.95	76.79	76.17	75.71	78.31
<b>CFI Total</b>	<b>(2,260.50)</b>	<b>(709.18)</b>	<b>(1,213.80)</b>	<b>(441.85)</b>	<b>(486.03)</b>	Receivable Days	73.37	68.91	48.68	45.00	45.00
Capex	(731.86)	(268.00)	(220.92)	(441.85)	(486.03)	Inventory Days	75.53	89.98	63.46	55.00	57.00
Change in Others	(1,528.64)	(441.18)	(992.87)	-	-	Payable Days	110.65	116.98	93.36	93.00	92.00
<b>CFF Total</b>	<b>(210.44)</b>	<b>(569.80)</b>	<b>(1,221.81)</b>	<b>(663.47)</b>	<b>(1,427.16)</b>	Net gearing (x)	0.27	0.22	0.01	(0.07)	(0.11)
Net Change in Debt	380.33	(705.18)	(1,197.95)	(151.80)	(364.27)	Debt to EBITDA (x)	3.29	2.54	1.49	0.85	0.69
Equity financing	-	(118.07)	-	-	-	Gross Profit Margin (%)	8.72	11.56	8.92	7.96	8.14
Dividend payment	(441.60)	(467.09)	(561.37)	(1,071.43)	(1,104.58)	Operating Profit Margin (%)	4.95	6.78	5.66	5.61	5.71
Others	(149.17)	720.55	537.51	559.76	41.69	EBITDA Margin (%)	6.46	8.68	7.05	6.52	6.65
<b>Net Cash Increase</b>	<b>(310.30)</b>	<b>(311.42)</b>	<b>1,051.13</b>	<b>816.18</b>	<b>309.50</b>	Net Profit Margin (%)	3.30	5.22	4.32	4.59	4.58
<b>Closing Balance</b>	<b>1,860.78</b>	<b>1,549.36</b>	<b>2,600.49</b>	<b>3,416.67</b>	<b>3,726.17</b>	ROA (%)	3.47	4.61	5.27	8.27	7.73
						ROE (%)	7.17	8.97	10.17	17.94	16.97

Sources : Company, MNCS

### MNC Research Industry Ratings Guidance

**OVERWEIGHT:** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

**NEUTRAL:** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

**UNDERWEIGHT:** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

**BUY :** Share price may exceed 10% over the next 12 months

**HOLD :** Share price may fall within the range of +/- 10% of the next 12 months

**SELL :** Share price may fall by more than 10% over the next 12 months

**Not Rated :** Stock is not within regular research coverage

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