

## BUY (Maintain)

**Target Price (IDR)** 1,900 (from 1,700)

**Potential Upside (%)** 33.3

### Price Comparison

**Cons. Target Price (IDR)** 1,694

**SSI vs. Cons. (%)** 112.2

### Stock Information

**Last Price (IDR)** 1,425

**Shares Issued (Mn)** 20,073

**Market Cap. (IDR Bn)** 29,408

**52-Weeks High/Low (IDR)** 1,580/865

**3M Avg. Daily Value (IDR Bn)** 45.5

**Free Float (%)** 37.3

### Shareholder Structure:

Arthakencana Rayatama (%) 59.6

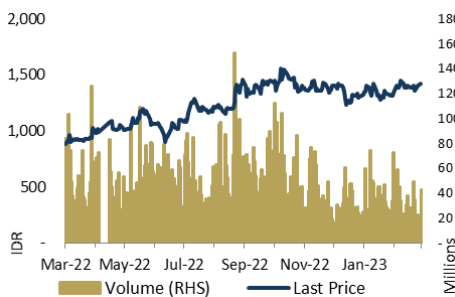
Publik (%) 38.7

Saham Treasuri (%) 1.7

### Stock Performance

(%)	YTD	1M	3M	12M
Absolute	4.6	4.6	4.6	66.5
JCI Return	(1.3)	(0.7)	(0.9)	(3.4)
Relative	5.9	5.3	5.5	69.8

### Stock Price & Volumes, 12M



### Company Background

AKR Corporindo (AKRA) is the largest private fuel and basic chemicals distributor in Indonesia, with a distribution network spread across various provinces in Indonesia. In addition to fuel and basic chemicals, AKRA has begun to penetrate the industrial estate sector with the development of JIPE in Gresik, East Java.

Muhammad Farras Farhan

+62 21 2854 8346

[farras.farhan@samuel.co.id](mailto:farras.farhan@samuel.co.id)

Laurencia Hiemas

+62 21 2854 8392

[Laurencia.hiemas@samuel.co.id](mailto:Laurencia.hiemas@samuel.co.id)

## Magnificent Year; Another One in 2023?

**Ending the year on a high note.** AKRA posted a net profit of IDR 840 billion (+167% yoy, +38% qoq) in 4Q22, on the back of strong revenue (IDR 12.9 trillion; +53.2% yoy, +3.9% qoq) and margins growth (EBITDA:+606 bps to 10.2%, NPM: +276 bps to 6.5%). AKRA's petroleum distribution and chemical trading businesses were the main drivers of its revenue growth, with petroleum distribution posting revenue of IDR 9.9 trillion (+101.4% yoy, +7.1% qoq) and chemical trading generating IDR 1.9 trillion (+71.9% yoy, -8.6% qoq). The surge in oil prices, coupled with increased demand from mining and smelter companies, led to massive revenue growth from petroleum distribution. Supported by satisfactory margins from its trading and distribution business, AKRA managed to post an EBITDA of IDR 1.3 trillion (+280.5% yoy, +62.4% qoq) in FY22. On its bottom line, AKRA posted a net profit of IDR 2.4 trillion, resembling an EPS growth of +116.2% yoy, while beating our estimates and consensus' (SSI 119%, cons 107%).

**What's in store for 2023?** We expect AKRA to maintain its growth momentum, supported by its industrial estate business and improved margins from the trading & distribution business. We project JIPE to book land sales of 70 ha this year, primarily to smelter and mining companies (both domestic and overseas ones), due to the ease of doing business in Indonesia and government support. However, we project AKRA to book a lower petroleum distribution ASP in 2023, which might lead to a decline in its trading and distribution revenue. Nevertheless, we foresee AKRA's margins to stay robust, with a projected GPM of 12% and a projected EBITDA margin of 10%. Also, AKRA targets to open 50 new retail gas stations (in partnership with BP) this year, which might contribute to its bottom line.

**2023 outlook.** Considering AKRA's plans for this year and beyond, we revised our FY23F EBITDA and net profit projections for AKRA to IDR 3.8 trillion (+9% yoy) and IDR 2.7 trillion, respectively, resembling an EPS growth of +14.3%. We also expect positive growth in its GPM (+160 bps) and EBITDA margin (+100 bps), owing primarily to better efficiency. Lastly, we expect AKRA to be able to maintain its DPR at 57.6% and its net gearing at a relatively low level (FY22: -0.1x), keeping its status as a net cash company.

**BUY, TP of IDR 1,900.** We reiterate our BUY rating on AKRA with a higher TP of IDR 1,900, implying an FY23F P/E of 12.2x. We are confident that AKRA will maintain its growth momentum and stay resilient in the face of current macroeconomic headwinds. **Downside risks:** Lower-than-expected distribution volume, lower-than-expected land sales.

### Forecast and Valuations (@ IDR 1,425 per share)

Y/E Dec	21A	22F	23F	24F	25F
Revenue (IDR Bn)	25,707	47,540	45,767	48,244	49,846
EBITDA (IDR Bn)	1,813	3,528	3,845	4,313	4,848
EV/EBITDA (x)	17.1	8.4	7.2	6.0	4.9
Net Profit (IDR Bn)	1,112	2,403	2,750	3,123	3,547
EPS (IDR)	56	122	139	158	180
EPS Growth (%)	20.2	116.2	14.4	13.5	13.6
P/E Ratio (x)	25.3	11.7	10.2	9.0	7.9
BVPS (IDR)	466	546	619	667	721
P/BV Ratio (x)	3.1	2.6	2.3	2.1	2.0
DPS (IDR)	27	42	70	80	91
Dividend Yield (%)	1.4	1.9	2.9	4.9	5.6
ROAE (%)	12.3	23.7	23.5	24.2	25.4
ROAA (%)	5.4	9.8	10.4	11.5	12.5
Interest Coverage (x)	24.7	54.8	62.9	75.6	92.2
Net Gearing (x)	0.04	(0.10)	(0.22)	(0.34)	(0.44)

Figure 1. 4Q22 Results

PT AKR Corporindo Tbk. (AKRA IJ) (IDR Bn)	4Q21	3Q22	4Q22	QoQ (%)	YoY (%)	12M21	12M22	YoY
Revenue	8,458	12,472	12,958	3.9	53.2	25,707	47,540	84.9
Operating Profit	376	730	1,211	65.8	221.7	1,455	3,133	115
EBITDA	346	810	1,316	62.4	280.5	1,716	3,528	105.6
Net Profit	315	608	840	38.0	166.8	1,112	2,403	116.2
EPS	16	31	43	38.0	166.8	56	122	116.2
EBITDA Margin (%)	4.1	6.5	10.2	366 bps	606 bps	6.7	7.4	75 bps
Operating Margin (%)	4.4	5.9	9.3	349 bps	489 bps	5.7	6.6	93 bps
Net Margin (%)	3.7	4.9	6.5	160 bps	276 bps	4.3	5.1	73 bps

Source: Company, SSI Research

Figure 2. Forecast Changes

	New		Old		Change (%)	
	23F	24F	23F	24F	23F	24F
Revenue (IDR Bn)	45,767	44,927	45,490	46,227	0.6	(2.8)
Operating Profit (IDR Bn)	3,699	4,035	2,869	3,335	28.9	21.0
EBITDA (IDR Bn)	4,115	4,491	3,283	3,772	25.4	19.1
Net Profit (IDR Bn)	2,683	2,945	2,269	2,643	18.2	11.4
EPS (IDR)	136	149	115	134	18.2	11.3
BVPS (IDR)	591	638	602	678	(1.9)	(5.9)
P/E Ratio (x)	10.7	9.7	12.6	10.8	(15.3)	(10.0)
P/BV Ratio (x)	2.5	2.3	2.4	2.1	2.3	8.3

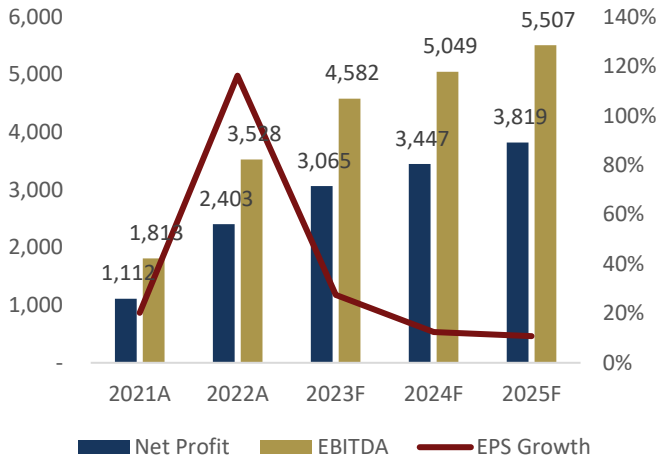
Source: Company, SSI Research

Figure 3. Revenue Segmentation

Y/E Dec (IDRbn)	2021A	2022A	2023A	2024A	2025A
Petroleum Distribution	18,953	36,327	33,068	31,275	30,595
Basic chemical	3,354	4,759	8,371	9,053	9,696
Manufacturing - Third parties	684	800	832	865	900
Port operations and transportation	513	575	603	633	665
Storage tanks rental	125	162	170	178	187
Others	30	58	61	64	67
Industrial estate land	644	1,248	1,981	2,215	2,450
<b>Growth</b>					
Petroleum Distribution	47%	92%	-9%	-5%	-2%
Basic chemical	0%	0%	0%	0%	0%
Manufacturing - Third parties	82%	17%	4%	4%	4%
Port operations and transportation	7%	12%	5%	5%	5%
Storage tanks rental	-23%	29%	5%	5%	5%
Others	-45%	95%	5%	5%	5%
Industrial estate land	51%	94%	59%	12%	11%

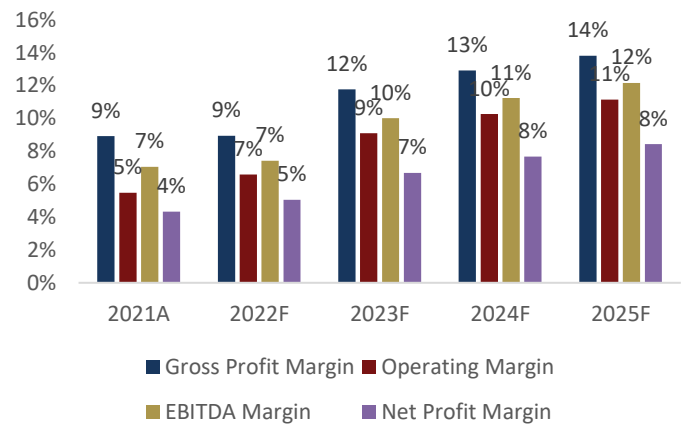
Source: Company, SSI Research

**Figure 4. EBITDA & EPS growth projection**



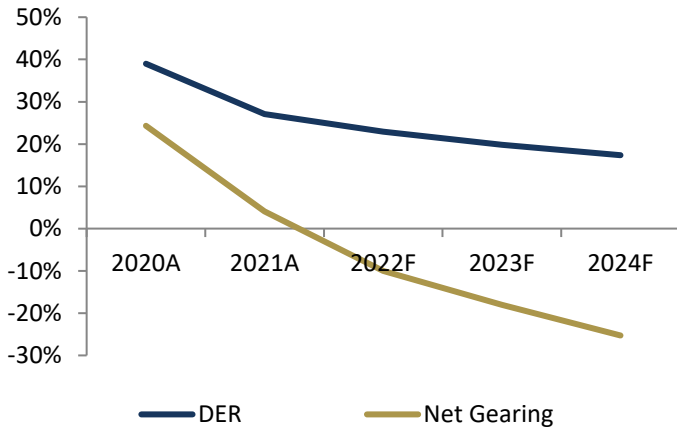
Source: Company, SSI Research

**Figure 5. Profitability Margins**



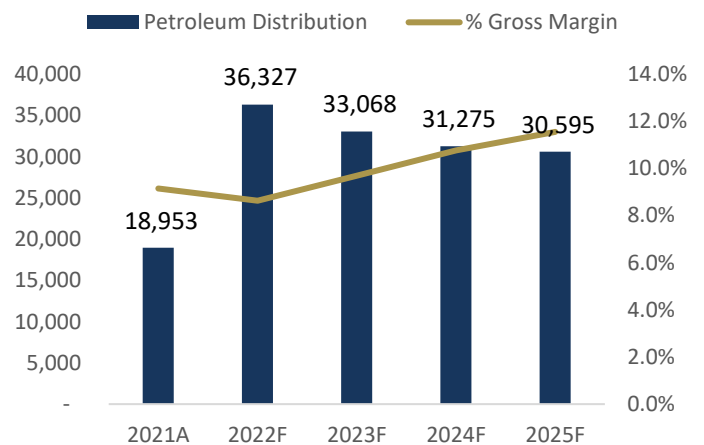
Source: Company, SSI Research

**Figure 6. Gearing Ratio**



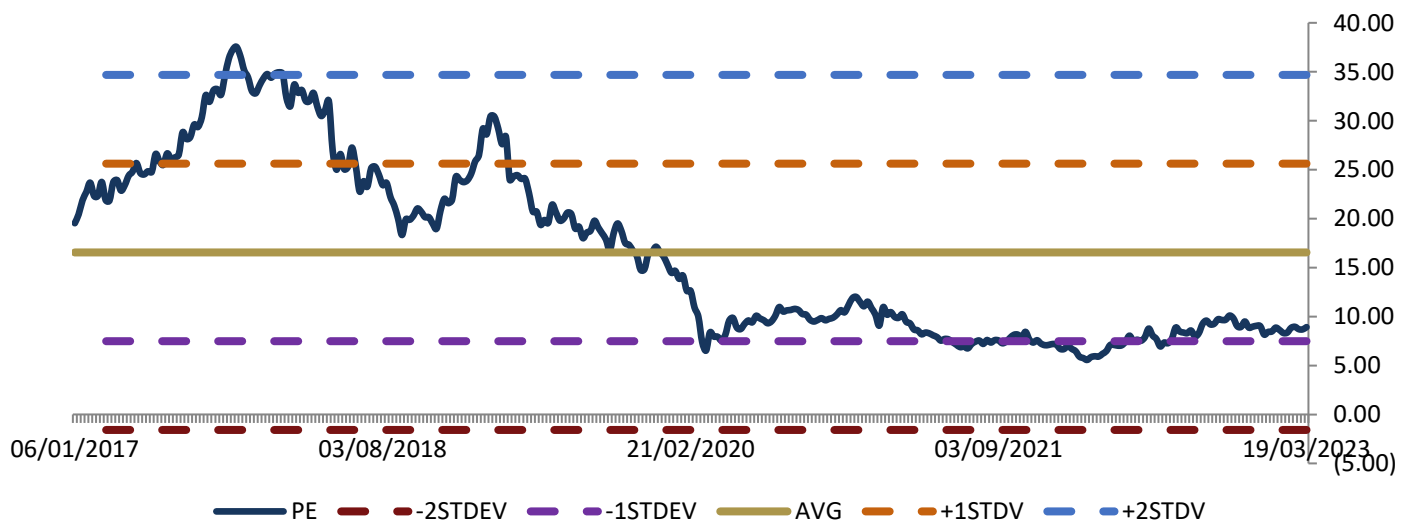
Source: Company, SSI Research

**Figure 7. Petroleum Distribution Revenue and Margins**



Source: Company, SSI Research

**Figure 8. 5-Year P/E Band**



Source: Bloomberg, SSI Research

## Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenue	25,707	47,540	45,767	48,244	49,846
COGS	(23,414)	(43,288)	(40,888)	(42,840)	(43,875)
<b>Gross profit</b>	<b>2,293</b>	<b>4,252</b>	<b>4,879</b>	<b>5,404</b>	<b>5,971</b>
SG&A	(704)	(1,129)	(1,465)	(1,544)	(1,595)
Depreciations	(40)	-	-	-	-
<b>Operating Profit</b>	<b>1,409</b>	<b>3,133</b>	<b>3,429</b>	<b>3,876</b>	<b>4,391</b>
<b>EBITDA</b>	<b>1,813</b>	<b>3,528</b>	<b>3,845</b>	<b>4,313</b>	<b>4,848</b>
Interest Expense	(57)	(57)	(55)	(51)	(48)
Interest Income	37	49	98	132	168
<b>Pre-Tax Profit</b>	<b>1,395</b>	<b>3,024</b>	<b>3,637</b>	<b>4,130</b>	<b>4,690</b>
Income Tax	(260)	(545)	(800)	(909)	(1,032)
Extraordinary Gain/(Los:	-	-	-	-	-
<b>Profit Incl. Minority</b>	<b>1,135</b>	<b>2,479</b>	<b>2,837</b>	<b>3,221</b>	<b>3,658</b>
Minority Interest	(23)	(76)	(87)	(98)	(112)
<b>Net Profit</b>	<b>1,112</b>	<b>2,403</b>	<b>2,750</b>	<b>3,123</b>	<b>3,547</b>

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
<b>Profit Incl. Minority</b>	<b>1,135</b>	<b>2,479</b>	<b>2,837</b>	<b>3,221</b>	<b>3,658</b>
Depreciation & Amort.	405	395	416	437	457
Working capital chg	1,696	(320)	553	843	826
<b>Operating Cash Flow</b>	<b>2,945</b>	<b>2,629</b>	<b>3,599</b>	<b>4,492</b>	<b>4,938</b>
Capital Expenditure	(208)	(9)	(370)	(306)	(283)
Others	-	169	(5)	(5)	(6)
<b>Investing Cash Flow</b>	<b>(208)</b>	<b>(276)</b>	<b>(375)</b>	<b>(311)</b>	<b>(288)</b>
Dividend Paid	(533)	(829)	(1,289)	(2,154)	(2,465)
Net Borrowing	(1,268)	(42)	(142)	(171)	(193)
Others	116	392	-	-	-
<b>Financing Cash Flow</b>	<b>(1,685)</b>	<b>(479)</b>	<b>(1,432)</b>	<b>(2,325)</b>	<b>(2,658)</b>
<b>Net Changes</b>	<b>1,051</b>	<b>1,874</b>	<b>1,792</b>	<b>1,856</b>	<b>1,992</b>
Cash at Beginning	1,549	2,600	4,338	6,130	7,986
<b>Cash at Ending</b>	<b>2,600</b>	<b>4,474</b>	<b>6,130</b>	<b>7,986</b>	<b>9,977</b>

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash & Equivalents	2,600	4,338	6,130	7,986	9,977
Receivables	4,489	6,020	5,169	4,788	4,264
Inventories	4,508	5,221	4,717	4,475	4,168
Other Curr. Assets	426	262	249	261	267
<b>Total Current Asset</b>	<b>12,023</b>	<b>15,841</b>	<b>16,265</b>	<b>17,509</b>	<b>18,676</b>
Net Fixed Assets	8,113	8,563	8,510	8,371	8,190
Other Non-Curr. Assets	3,373	2,783	2,794	2,809	2,823
<b>Total Asset</b>	<b>23,509</b>	<b>27,188</b>	<b>27,569</b>	<b>28,689</b>	<b>29,689</b>
Payables	8,362	10,286	9,484	9,704	9,699
ST. Debt	590	573	546	513	477
Other Curr. Liabilities	355	422	195	195	195
<b>Total Current Liability</b>	<b>9,307</b>	<b>11,280</b>	<b>10,225</b>	<b>10,412</b>	<b>10,370</b>
LT. Debt	2,468	2,443	2,328	2,189	2,033
Other LT. Liabilities	435	309	314	318	323
<b>Total Liability</b>	<b>12,210</b>	<b>14,033</b>	<b>12,866</b>	<b>12,920</b>	<b>12,726</b>
Minority Interest	1,954	2,186	2,273	2,371	2,483
<b>Total Equity</b>	<b>11,299</b>	<b>13,155</b>	<b>14,702</b>	<b>15,770</b>	<b>16,963</b>

Key Ratios					
Y/E Dec (%)	21A	22A	23F	24F	25F
Gross Profit Margin	8.9	8.9	10.7	11.2	12.0
Operating Margin	5.5	6.6	7.5	8.0	8.8
EBITDA Margin	7.1	7.4	8.4	8.9	9.7
Net Profit Margin	4.3	5.1	6.0	6.5	7.1
Revenue Growth	45.1	84.9	(3.7)	5.4	3.3
EBITDA Growth	11.3	94.6	9.0	12.2	12.4
Net Profit Growth	20.2	116.2	14.4	13.5	13.6
Debt to Equity	55.1	50.5	47.5	44.5	41.5

Major Assumptions					
Y/E Dec	21A	22A	23F	24F	25F
Petro. Vol. ('000 T)	2,494	2,840	2,982	3,131	3,288
Chem. Vol. ('000 T)	1,588	1,747	1,834	1,926	2,023
Brent Price (USD/bbl)	74	96	86	86	86
Petro. ASP (IDR/litre)	7,599	12,791	11,089	11,013	10,671
Chem. ASP (IDR '000 T)	2,996	4,791	4,935	5,034	5,134

## Peers Comparison

Ticker	Company	Market Cap (USDmn)	EV(USD mn)	PE (x)		PBV (x)		EV/EBITDA (x)		ROA (%)		ROE (%)	
				2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
<b>Midstream O&amp;G Average</b>				<b>19.22</b>	<b>13.11</b>	<b>2.47</b>	<b>2.34</b>	<b>5.14</b>	<b>5.06</b>	<b>1.69</b>	<b>1.70</b>	<b>5.43</b>	<b>5.54</b>
ENB US	Enbridge Inc.	81,398	200,716	19.04	17.58	1.98	1.96	12.95	12.47	2.04	2.00	3.54	3.95
EPD US	Enterprise Products Partners L.P.	54,280	84,373	9.99	9.74	2.05	1.97	1.50	1.47	0.97	0.95	8.04	7.78
KMI US	Kinder Morgan, Inc.	40,841	73,478	15.65	15.70	1.33	1.32	3.75	3.76	2.09	2.09	4.03	3.32
ET US	Energy Transfer LP	37,988	100,221	7.96	7.93	1.20	1.12	1.10	1.09	0.42	0.41	4.79	4.95
MPLX US	MPLX LP	34,180	55,929	10.17	9.96	2.85	2.78	5.30	5.18	3.24	3.17	6.17	7.41
OKE US	ONEOK, Inc.	27,148	40,985	15.99	14.13	4.43	4.25	1.89	2.07	1.25	1.37	6.96	8.24
PBA US	Pembina Pipeline Corporation	18,797	38,396	16.21	16.27	2.11	2.02	3.36	4.16	2.23	2.76	7.37	5.46
TRGP US	Targa Resources Corp.	15,930	26,487	16.42	12.60	6.60	4.72	1.05	0.94	0.63	0.57	2.51	4.04
WDC US	Western Midstream Partners, LP	11,258	16,585	168.76	9.88	0.96	0.90	1.23	1.02	0.83	0.69	0.76	0.19
MMP US	Magellan Midstream Partners, L.P.	10,575	15,730	10.03	10.64	7.17	7.51	5.04	5.16	3.39	3.47	13.84	12.12
<b>Upstream O&amp;G Average</b>				<b>9.98</b>	<b>11.17</b>	<b>3.70</b>	<b>3.24</b>	<b>2.47</b>	<b>2.78</b>	<b>2.40</b>	<b>2.70</b>	<b>20.44</b>	<b>15.92</b>
ARAMCO AB	Saudi Aramco	2,039,855	7,816,025	12.12	13.31	5.11	4.44	3.55	4.05	3.49	3.97	26.44	20.89
XOM US	ExxonMobil	462,526	484,490	8.36	10.27	2.47	2.24	1.17	1.24	1.12	1.18	15.12	10.05
CVX US	Chevron	354,668	363,825	9.72	10.90	2.25	2.10	1.51	1.62	1.47	1.58	14.81	10.23
SHELL NA	Shell	203,347	253,068	5.35	5.63	1.07	0.95	0.63	0.66	0.50	0.53	9.23	8.39
601857 CH	PetroChina	122,109	1,257,437	6.75	7.95	0.69	0.66	0.39	0.39	0.27	0.27	5.17	4.10
TTE US	TotalEnergies	150,443	168,689	4.05	4.79	1.17	1.01	0.57	0.59	0.51	0.53	9.67	8.13
GAZP RX	Gazprom	63,872	6,953,756	1.51	2.00	0.40	0.36	0.63	0.68	0.36	0.39	14.10	15.51
COP US	ConocoPhillips	164,880	171,419	9.34	10.22	3.33	2.82	2.20	2.53	2.12	2.43	20.45	14.78
BP US	BP	103,719	143,437	3.86	5.17	1.46	1.24	0.62	0.64	0.45	0.46	5.09	6.04
MEDC IJ	Medco Energi International	1,930	5,176	3.84	3.84	1.35	1.08	2.17	2.10	0.81	0.78	7.21	6.99

Source: Bloomberg, SSI Research

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Arga Samudro	Economist	alkosar.marga@samuel.co.id	+6221 2854 8144
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
William Mamudi, CFTe, CMT, CCT	Senior Technical Analyst	william.mamudi@samuel.co.id	+6221 2854 8382
Yosua Zisokhi	Cement, Cigarette, Paper, Plantation, Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Abraham Timothy	Research Associate	abraham.timothy@samuel.co.id	+6221 2854 8322
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392

Equity Institutional Team			
Benny Bambang Soebagjo	Head of Institutional Equity Sales	benny.soebagjo@samuel.co.id	+6221 2854 8312
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Anthony Yunus	Institutional Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Widya Meidrianto	Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Head of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Denzel Obaja	Head of Community & Partnership	denzel.obaja@samuel.co.id	+6221 2854 8342
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Wandha Ahmad	Equity Sales	wandha.ahmad@samuel.co.id	+6221 2854 8316
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

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