



BUY

Target Price : IDR1,000

Stock Data

Current Price	: 695
52wk Range L-H	: 596-944
Share Outstanding	: 20.1Bn
Free Float	: 38.7%
Mkt Capitalization (IDR tn)	: 13.7tn

Major Shareholders

PT Arthakencana	: 59.6%
Public	: 38.7%
Others	: 1.7%



Research Analyst
Victoria Venny
victoria.nawang@mncgroup.com

PT AKR Corporindo Tbk (AKRA IJ)

Logistic and Distribution Sector

Strong ESG Proposition and JIPE Optimization

Implementing Best Practices in ESG Initiatives

- AKRA strives to create sustainable business seriously through: 1) The installation of 764 solar panels in JIPE that will save 484kWh and reduce CO2 production by 452kg annually; 2) establishment of a JV with Bayu Buana Gemilang to focus on the distribution of natural gas.
- The company also employs ~70% of the local workers at each BP gas station. AKRA has already operated 26 BP-AKR retail outlets by Feb-2022 and plans to open another 25-30 BP-AKR outlets throughout the year.
- Those initiatives lead AKRA into various ESG indexes, including ESG Leader Index, Sri Kehati Index, and ESG LQ45 Index, attracting more investors who put sustainability aspects as their investment factor.
- AKRA targets to achieve >30% income from clean or renewable energy in the next five years.

Maintaining Solid Performance in the Upcoming Quarter

- Continuing the solid performance during 9M21, when net profit grew by 20% YoY to IDR797bn and revenue up by 24%, driven by strong selling price and demand for petroleum and basic chemical, the company continues to report strong demand during 4Q21.
- This year, management has a cautious optimism about the trade and distribution segment as economies are set for recovery after the pandemic, and international trade becomes more robust. We strongly believe the solid performance should continue in FY22E. We estimate AKRA will be able to secure 2.7-2.9mn kl (+7%-8% YoY) of petroleum sales volumes in FY22E/FY23F, mainly supported by the increasing demand from the coal mining industry with new customers from the smelter industry, palm oil, and other mining sectors. Meanwhile, we believe the chemical segment will gradually pick up in FY22E supported by JV AKR-Petronas.
- We are also confident of strong margin expansion supported by sales from the industrial estate project going forward. We expect JIPE to book ~40ha p.a. land sales in FY22E-FY23F. Hence, we set our top-line target at 16.6%/16.4% YoY to IDR23.5tn/IDR27.3tn in FY22E/FY23F. Meanwhile, earnings could significantly pick up to 17.7%/16.8% YoY in FY22E/FY23F, in line with management targets of 15%-18% in FY22E.

Maintain BUY with TP IDR1,000

We maintain our **BUY** recommendation for AKRA with a target price of **IDR1,000 (+44% upside)**, implying an **FY22E PE of 16.1x and EV/EBITDA of 9.9x**. Currently AKRA is trading at -1STD EV/EBITDA of its 5-years mean. We expect AKRA to gain a good momentum this year, aligned with a healthy recovery on trading and distribution businesses and potential JIPE SEZ opportunities. AKRA also reported an increase in its shares in the stock exchange, now reaching 20.07bn shares. It has been multiplied five times following the stock split, with a 1:5 ratio taking place last Jan-2022. We believe the stock split will make AKRA shares more appealing, especially to retail investors. Downside risks to our call include: 1) slower than expected growth due to pandemic; 2) unfavorable changes in government regulation.

Key Financial Highlight

IDR Billion	FY19	FY20	FY21E	FY22F	FY23F
Revenue	21,702.6	17,715.9	20,149.2	23,487.5	27,345.7
Net Profit	717.2	924.9	1,060.5	1,250.0	1,462.1
EPS adj (IDR)	35.7	46.1	52.8	62.3	72.8
PE (x)	19.5	15.1	13.2	11.2	9.5
BVPS adj (IDR)	501.5	525.9	552.0	582.9	618.9
PBV (x)	1.4	1.3	1.3	1.2	1.1
EV/EBITDA (x)	11.9	10.6	9.4	8.3	7.4
ROA (%)	3.5	4.6	5.4	6.0	6.6
ROE (%)	7.2	9.0	9.8	11.0	12.1
Dividend Yield (%)	3.2	3.3	3.8	4.5	5.3

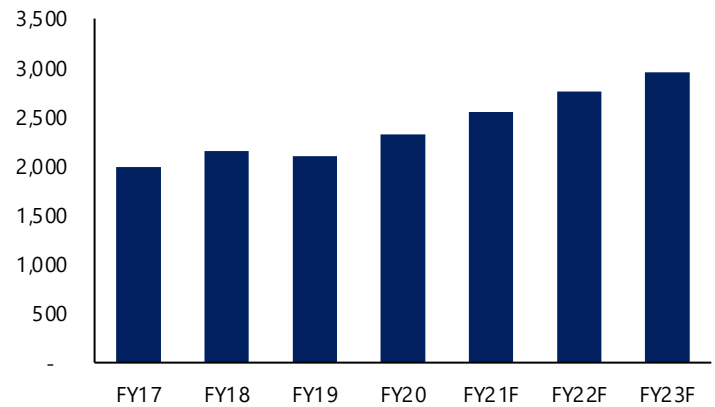
Sources: Bloomberg, MNCS

Exhibit 01. ESG Initiatives: KEK-JIPE installs 764 solar panels



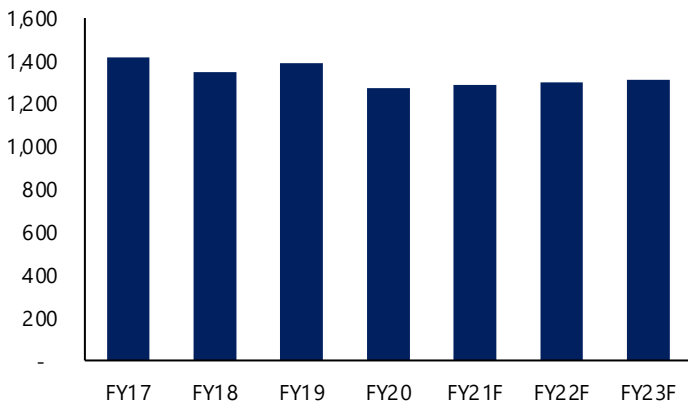
Source : Company

Exhibit 02. Volume of petroleum distributed ('000 kl)



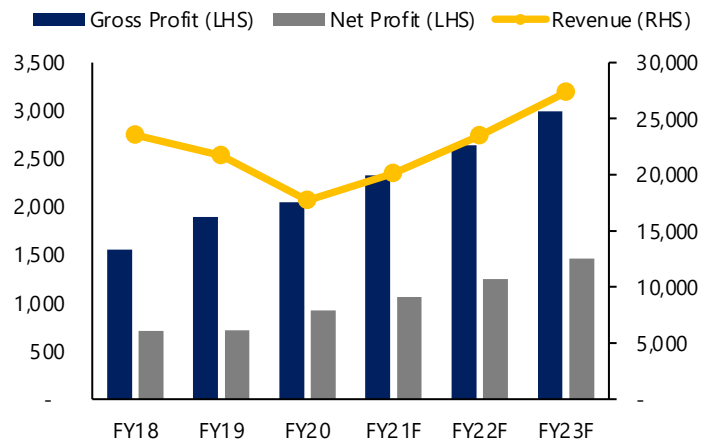
Source : Company, MNCS

Exhibit 03. Volume of chemical distributed ('000 MT)



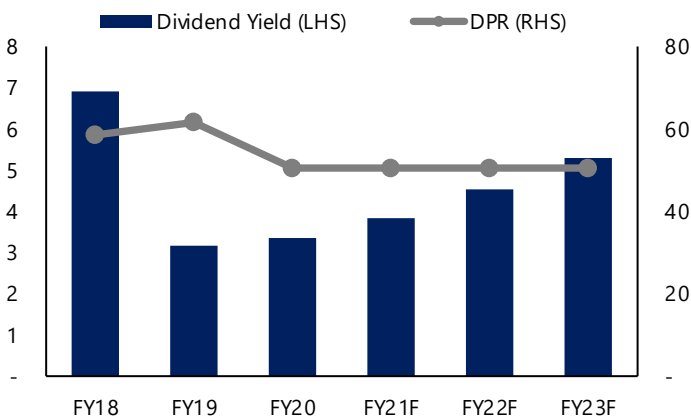
Source : Company, MNCS

Exhibit 04. Revenue and Net Profit Trend (IDR bn)



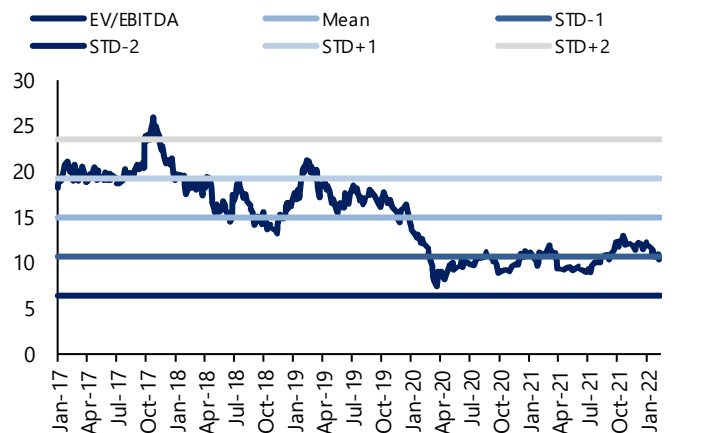
Source : Company, MNCS

Exhibit 05. Dividend Trend (%)



Source : Company, MNCS

Exhibit 06. AKRA's 5 years EV/EBITDA band



Source : Bloomberg as of 15 February 2022, MNCS

Exhibit 07. Financial Projection

Profit and Loss						Balance Sheet					
IDR Billion	FY19	FY20	FY21E	FY22F	FY23F	IDR Billion	FY19	FY20	FY21E	FY22F	FY23F
Revenues	21,702.64	17,715.93	20,149.18	23,487.54	27,345.70	Current Assets	10,777.64	8,042.42	9,318.30	10,222.58	11,788.99
COGS	19,810.52	15,668.00	17,818.55	20,844.20	24,352.26	Cash & Cash Equivalents	1,860.78	1,549.36	1,987.03	2,059.57	1,787.48
Gross Profit	1,892.12	2,047.93	2,330.63	2,643.35	2,993.44	Trade Receivable	4,320.95	2,368.36	2,925.77	3,410.52	3,970.75
Operating Expense	817.72	846.50	940.27	1,016.21	1,097.28	Inventories	4,091.04	3,633.78	3,847.16	4,101.65	5,273.00
Operating Profit	1,074.40	1,201.43	1,390.36	1,627.14	1,896.17	Others current Assets	504.87	490.91	558.34	650.84	757.75
EBITDA	1,401.28	1,538.14	1,743.10	1,995.89	2,280.94	Non-Current Assets	10,631.41	10,641.15	10,945.90	11,177.15	11,192.38
Interest Expense	110.00	74.28	83.14	88.34	88.54	Fix Asset-net	5,557.55	5,126.12	5,173.39	5,204.63	5,219.86
Interest Income	38.00	42.63	35.50	45.52	47.18	Other Non-Current Assets	5,073.86	5,515.03	5,772.51	5,972.51	5,972.51
Other	175.31	56.95	56.95	56.95	56.95	TOTAL ASSETS	21,409.05	18,683.57	20,264.20	21,399.73	22,981.36
Profit Before Tax	899.08	1,226.73	1,399.67	1,641.26	1,911.76	Current Liabilities	8,712.53	5,102.11	5,812.89	6,221.90	7,261.10
Tax Expense (Benefit)	199.59	264.72	302.04	354.17	412.55	Account Payable	6,425.94	3,616.67	4,123.43	4,252.53	4,968.23
Net Income Before MI	699.50	962.01	1,097.63	1,287.09	1,499.21	ST Debt	2,140.61	1,248.07	1,419.49	1,654.68	1,926.49
Minority Interest	-10.55	-37.08	-37.08	-37.08	-37.08	Other current liabilities	145.98	237.36	269.96	314.69	366.38
Net Profit	717.21	924.93	1,060.55	1,250.01	1,462.13	Non-Current Liabilities	2,629.66	3,025.11	3,369.98	3,477.75	3,296.43
EPS (full amount)	35.73	46.08	52.83	62.27	72.84	LT Debt	2,469.49	2,656.84	2,951.14	2,989.51	2,727.99
						Other Non-Current Liabilities	160.17	368.26	418.84	488.24	568.44
						TOTAL EQUITY	10,066.86	10,556.36	11,081.33	11,700.08	12,423.84
						TOTAL LIABILITIES & EQUITY	21,409.05	18,683.57	20,264.20	21,399.73	22,981.36

Cash Flow						Key Ratio					
IDR Billion	FY19	FY20	FY21E	FY22F	FY23F	Ratio	FY19	FY20	FY21E	FY22F	FY23F
CFO Total	2,160.64	967.56	1,114.43	960.84	775.81	Revenue Growth (%)	(7.84)	(18.37)	13.73	16.57	16.43
Net Income	717.21	924.93	1,060.55	1,250.01	1,462.13	Operating Growth (%)	14.79	11.82	15.73	17.03	16.53
Depreciation	326.89	336.71	352.73	368.75	384.77	Net Profit Growth (%)	0.82	28.96	14.66	17.86	16.97
Change in WorkingCapital	941.28	(399.42)	(264.03)	(610.15)	(1,015.88)	Current Ratio (%)	123.70	157.63	160.30	164.30	162.36
Change in Others	175.27	105.34	(34.82)	(47.78)	(55.22)	Quick Ratio (%)	70.95	76.79	84.52	87.92	79.30
CFI Total	(2,260.50)	(709.18)	(657.48)	(600.00)	(400.00)	Receivable Days	73.37	68.91	53.00	53.00	53.00
Capex	(731.86)	(268.00)	(400.00)	(400.00)	(400.00)	Inventory Days	75.53	89.98	78.81	71.82	79.03
Change in Others	(1,528.64)	(441.18)	(257.48)	(200.00)	-	Payable Days	110.65	116.98	84.47	74.47	74.47
CFF Total	(210.44)	(569.80)	(19.28)	(288.30)	(647.89)	Net gearing (x)	0.27	0.22	0.22	0.22	0.23
Net Change in Debt	380.33	(705.18)	465.71	273.56	10.29	Debt to EBITDA (x)	3.29	2.54	2.51	2.33	2.04
Equity financing	-	(118.07)	-	-	-	Gross Profit Margin (%)	8.72	11.56	11.57	11.25	10.95
Dividend payment	(441.60)	(467.09)	(535.58)	(631.25)	(738.38)	Operating Profit Margin (%)	4.95	6.78	6.90	6.93	6.93
Others	(149.17)	720.55	50.58	69.40	80.20	EBITDA Margin (%)	6.46	8.68	8.65	8.50	8.34
Net Cash Increase	(310.30)	(311.42)	437.67	72.53	(272.08)	Net Profit Margin (%)	3.30	5.22	5.26	5.32	5.35
Closing Balance	1,860.78	1,549.36	1,987.03	2,059.57	1,787.48	ROA (%)	3.47	4.61	5.45	6.00	6.59
						ROE (%)	7.17	8.97	9.80	10.97	12.12

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

PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16

Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340

Telp : (021) 2980 3111

Fax : (021) 3983 6899

Call Center : 1500 899

Disclaimer

This research report has been issued by PT MNC Sekuritas, It may not be reproduced or further distributed or published, in whole or in part, for any purpose. PT MNC Sekuritas has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; PT MNC Sekuritas makes no guarantee, representation or warranty and accepts no responsibility to liability as to its accuracy or completeness. Expression of opinion herein are those of the research department only and are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment. PT MNC Sekuritas and its affiliates and/or their offices, director and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add to or dispose of any such investment. PT MNC Sekuritas and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discussed herein (or investment related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.