AKR Corporindo (AKRA IJ)

Stronger Earnings, Building JIIPE's Next Phase

Highlights

- **Earnings momentum is ahead of our estimates.** Management sees 2026 net profit potentially exceeding its upper limit net profit guidance of Rp2.9t, supported by strong trading and distribution, 100ha land sales and rising utilities income.
- **JIIPE's land runway extends, shifting the focus to power.** Around 600ha of industrial land remains, while 800ha of residential land could potentially be converted. As the tenant base expands and electricity demand rises, securing sufficient and reliable power supply is becoming increasingly important for JIIPE's next growth phase.
- **Utilities are scaling as AKRA builds its energy infrastructure.** Utilities revenue could reach Rp1t in 2026 and potentially Rp2t in 2027, while planned solar, gas and LNG infrastructure should support longer-term tenant growth and energy security. Maintain BUY with a Rp1,600 target price.

Analysis

- **Earnings momentum ahead of our estimates.** Our meeting with AKR Corporindo (AKRA) points to stronger 2026 earnings momentum, with management seeing potential for net profit to exceed the upper end of its Rp2.6t-2.9t guidance. The Rp2.9t upper end is 9% above our Rp2.65t forecast and broadly in line with consensus, implying further upside if earnings exceed guidance. The strong earnings are supported by: a) strong trading and distribution business momentum, b) 100ha of land sales (1H26: 58ha), and c) rising utilities income. Trading and distribution remain particularly well supported, with increases in mining quotas activities of some mining companies. As of 1H26, mining accounting for 70% of company's B2B petroleum exposure while supply security also remains a competitive advantage during periods of tighter petroleum availability.
- **Land runway extends; power becomes increasingly important.** Java Integrated Industrial and Ports Estate (JIIPE) has around 600ha of remaining industrial land, equivalent to around six years of supply at 100ha annual sales. Management also highlighted 800ha of residential land that could be converted into industrial use, providing additional runway if demand remains strong. With land availability less of an immediate constraint, securing sufficient and reliable power is becoming increasingly important as JIIPE's tenant base expands and electricity demand rises. JIIPE currently relies on PLN, with 500MW secured and potential capacity beyond 1GW.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	38,729	46,018	47,901	52,462	53,040
EBITDA	2,932	3,496	3,571	3,569	3,740
Operating profit	2,534	3,039	3,192	3,118	3,275
Net profit (rep./act.)	2,225	2,473	2,650	2,611	2,691
Net profit (adj.)	2,225	2,473	2,650	2,611	2,691
EPS	110.8	123.2	132.0	130.0	134.1
PE (x)	13.4	12.1	11.3	11.5	11.1
P/B (x)	2.6	2.4	2.4	2.4	2.3
EV/EBITDA (x)	10.2	8.6	8.4	8.4	8.0
Dividend yield (%)	6.6	6.6	7.6	7.8	7.9
Net margin (%)	5.7	5.4	5.5	5.0	5.1
Net debt/(cash) to equity (%)	(1.7)	(6.4)	(10.0)	(1.0)	19.0
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	19.5	20.8	21.4	20.7	21.0
Consensus net profit	-	-	2,884.5	2,931.6	3,099.3
UOBKH/Consensus (x)	-	-	0.92	0.89	0.87

Source: AKRA, Bloomberg, UOB Kay Hian

Analyst(s)

Posmarito Pakpahan

posmarito@kh.co.id

+6221 2993 3990

BUY (Maintained)

Share Price	Rp1,490
Target Price	Rp1,600
Upside	+7.4%

Stock Data

Sector	Energy
Bloomberg ticker	AKRA IJ
Shares issued (m)	20,073.5
Market cap (Rpb)	29,909.7
Market cap (US$m)	1,690.4
3-mth avg daily t'over (US$m)	1.4

Price Performance (%)

52-week high/low				Rp1,595/Rp1,065
1mth	3mth	6mth	1yr	YTD
6.4	21.6	20.2	23.7	18.3

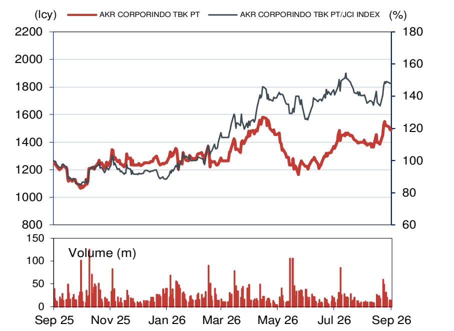
Major Shareholders (%)

PT Arthakencana Rayatama	59.6

Balance Sheet Metrics

FY26 NAV/Share (Rp)	624
FY26 Net Debt/Share (Rp)	7

Price Chart



Source: Bloomberg

Company Description

AKR primarily engages in petroleum and chemicals distribution with vast logistic supply chain network. The company also diversifies to industrial estate (JIIPE) and retail petroleum business (through JV with BP).

- **Utilities ramping up despite delays in Freeport’s smelter.** Utilities revenue grew 64.3% yoy in 2Q26 despite operational delays at Freeport’s copper smelter, driven by contribution from new tenants, notably Xinyi Solar's furnace commencement in Jan 26. Assuming the smelter ramps up from Sep 26 onwards, management guides 2026 utilities growth of 40-50% yoy to Rp1t, and potentially doubling to Rp2t in 2027 as the smelter reaches optimum capacity and other tenants join in although blended margins remain at 10-15% as electricity currently dominates the revenue mix. AKRA’s earnings mix continues to tilt towards the JIIPE complex, which generated 30% of gross profit in 2Q26 (2Q25: 21.6%, 1Q26: 16.1%) from just around 6% of revenue.
- **Building power capacity to support JIIPE's next phase.** Power availability is becoming increasingly important as JIIPE attracts larger and more energy-intensive tenants. The estate has 500MW secured from PLN, expandable beyond 1GW, while AKRA is developing 150MWp of floating solar, starting with 58MW. A 500MW gas-fired power plant is also planned for 2032-33.
- **LNG investment supports longer-term energy security.** The LNG regasification project is targeted for COD in 2H29, with total investment estimated at US$500m-550m. This includes a US$350m floating storage regasification unit shipbuilding contract with Hyundai, with payments largely back-loaded to early-29. Management estimated 1.2mtpa of LNG inquiries from JIIPE tenants, with around another 0.3mtpa potentially required by the planned gas-fired power plant, providing initial demand visibility for the project.

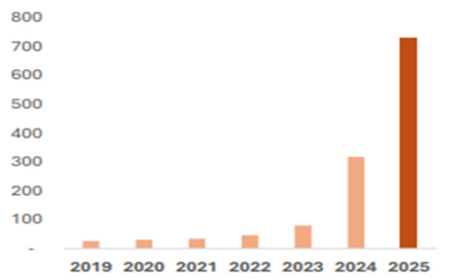
Valuation/Recommendation

- **Maintain BUY with a target price of Rp1,600,** derived by: a) assigning a 14.0x 2027F PE for trading and distribution and other segments’ earnings, and b) using a 60% discount to RNAV to value its industrial estate segment. We adjust the value of AKRA’s 60% ownership in JIIPE. We maintain BUY given resilient trading and distribution, continued JIIPE land sales and utilities ramp-up, and a solid balance sheet. While our target price offers a 7% capital upside, AKRA also offers a 7.6% dividend yield, while management’s stronger earnings outlook provides upside risk to our conservative forecasts. AKRA currently trades at 11.3x 2026F PE.

Earnings Revision/Risk

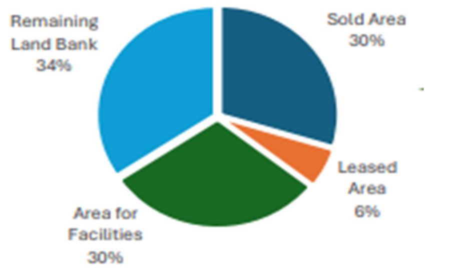
- **Potential upside to 2026 earnings, but we keep our estimates unchanged.** We keep our earnings estimates unchanged for now, as we await greater visibility on 2H26 numbers. Nevertheless, management's latest indication suggests upside risk to our earnings growth forecast. Regarding recent corporate-action speculation, management did not provide further details.
- **Risks** include: a) weaker mining activity reducing fuel and chemical volumes; b) slower-than-expected ramp-up in JIIPE utilities; c) concentration on a few anchor tenants; d) execution delays in sulphuric acid and LNG initiatives; e) lumpy landbank sales at JIIPE, which may create earnings volatility and delay RNAV crystallisation; f) margin pressure in trading and distribution; and g) limited RNAV re-rating if the market continues to apply a steep discount to JIIPE.

Rising Utilities Income



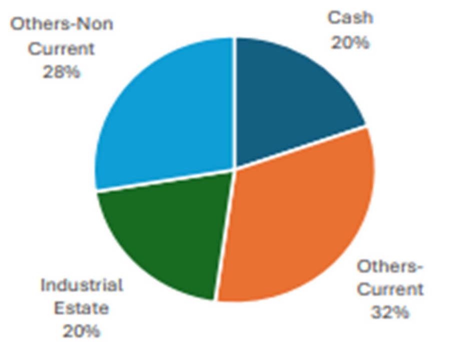
Source: AKRA, UOB Kay Hian

JIIPE Land Balance (Total: 1,761ha)



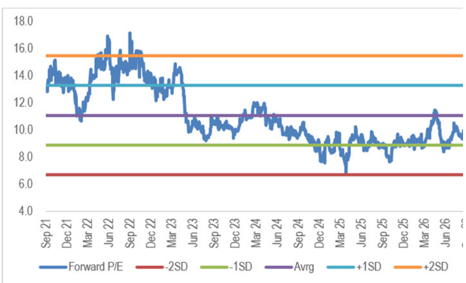
Source: AKRA, UOB Kay Hian

Balance Sheet Composition



Source: AKRA, UOB Kay Hian

Forward PE



Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	**46,018**	**47,901**	**52,462**	**53,040**
EBITDA	3,496	3,571	3,569	3,740
Deprec. & amort.	458	378	451	465
EBIT	3,039	3,192	3,118	3,275
Total other non-operating income	45	38	45	50
Associate contributions	52	60	62	64
Net interest income/(expense)	172	228	244	187
Pre-tax profit	**3,308**	**3,519**	**3,470**	**3,576**
Tax	(484)	(508)	(503)	(518)
Minorities	(351)	(361)	(356)	(367)
Net profit	**2,473**	**2,650**	**2,611**	**2,691**
Net profit (adj.)	2,473	2,650	2,611	2,691

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	8,232	9,599	10,912	12,219
Other LT assets	5,006	4,475	4,629	4,783
Cash/ST investment	6,404	6,060	4,924	2,333
Other current assets	16,919	16,437	17,829	19,373
Total assets	**36,562**	**36,572**	**38,295**	**38,708**
ST debt	1,914	1,055	1,044	1,035
Other current liabilities	13,923	14,606	16,017	16,086
LT debt	3,703	3,752	3,756	3,760
Other LT liabilities	1,412	1,423	1,434	1,445
Shareholders' equity	12,251	12,533	12,715	12,958
Minority interest	3,454	3,299	3,425	3,519
Total liabilities & equity	**36,658**	**36,668**	**38,390**	**38,803**

Cash flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	**3,941**	**3,915**	**2,562**	**3,231**
Profit fo the year	3,308	3,519	3,470	3,576
Tax	(484)	(508)	(503)	(518)
Deprec. & amort.	458	378	451	465
Working capital changes	959	346	(356)	217
Working capital changes	959	346	(356)	217
Other operating cashflows	(247)	240	(437)	(445)
Investing	**(1,309)**	**(926)**	**(1,388)**	**(3,464)**
Capex (growth)	(598)	(926)	(1,388)	(3,464)
Investment	536	536	536	536
Others	(1,247)	(536)	(536)	(536)
Financing	**(1,689)**	**(3,237)**	**(2,214)**	**(2,262)**
Dividend payments	(1,978)	(2,272)	(2,333)	(2,351)
Proceeds from borrowings	451	(810)	(7)	(6)
Loan repayment	-	-	-	-
Others/interest paid	(162)	(155)	126	95
Net cash inflow (outflow)	943	(248)	(1,040)	(2,495)
Beginning cash & cash equivalent	5,366	6,404	6,060	4,924
Ending cash & cash equivalent	**6,405**	**6,060**	**4,924**	**2,333**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.6	7.5	6.8	7.1
Pre-tax margin	7.2	7.3	6.6	6.7
Net margin	5.4	5.5	5.0	5.1
ROA	7.1	7.2	7.0	7.0
ROE	20.8	21.4	20.7	21.0
Growth				
Turnover	18.8	4.1	9.5	1.1
EBITDA	19.3	2.1	(0.0)	4.8
Pre-tax profit	16.5	6.4	(1.4)	3.1
Net profit	11.1	7.2	(1.5)	3.1
Net profit (adj.)	11.1	7.2	(1.5)	3.1
EPS	11.1	7.2	(1.5)	3.1
Leverage				
Debt to total capital	26.3	23.3	22.9	22.5
Debt to equity	45.9	38.4	37.8	37.0
Net debt/(cash) to equity	(6.4)	(10.0)	(1.0)	19.0