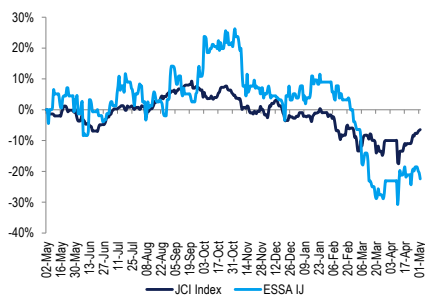


Stock Data

Target price	Rp900
Prior TP	Rp1,100
Current price	Rp605
Upside/downside	+82%
Shares outstanding (mn)	17,227
Market cap (Rp bn)	10,422
Free float	27%
Avg. 6m daily T/O (Rp bn)	10

Price Performance

	3M	6M	12M
Absolute	-28.8%	-35.6%	-22.4%
Relative to JCI	-23.3%	-24.6%	-16.0%
52w low/high (Rp)	540 – 985		



Major Shareholders

Chander Vinod Laroya	16.4%
Garibaldi Thohir	14.1%
Akraya International	7.5%

Reggie Parengkuan

PT Indo Premier Sekuritas
reggie.parengkuan@ipc.co.id
+62 21 5088 7168 ext. 714

Ryan Winipta

PT Indo Premier Sekuritas
Ryan.winipta@ipc.co.id
+62 21 5088 7168 ext. 718

1Q25 results: miss due to softer than expected volume and ASP

- ESSA reported 1Q25 NP of US\$8mn (-30% qoq), which came below ours and consensus FY25F estimates at 14/17% respectively.
- Soft ammonia production of 169kt (-5% qoq) was attributed to prolonged maintenance at Senoro-Toili field; expect recovery in 3Q25F.
- We cut our FY25-27F NP estimates by 39-52% to reflect lower ammonia volume and ASP; maintain Buy at lower TP of Rp900/sh.

Soft NP due to lower ASP and volume

ESSA 1Q25 NP of US\$8mn (-30% qoq) was below ours and consensus FY25F estimates at 14/17% respectively. NP came below largely due to lower than expected ammonia ASP (90% IPS), as we think market expected ammonia price to hold up above US\$400/t level amid tight gas supply. Sales volume was also below our expectation (24% IPS), considering that PAU ammonia plant is scheduled for 3 weeks of maintenance in 4Q25F. Below operating line, interest expense declined by -32% qoq from US\$45mn debt repayment.

Ammonia production declined on Senoro-Toili prolonged maintenance

Ammonia production declined to 169kt (-5% qoq; 104% utilization rate) due to lower gas supply from Senoro-Toili gas field attributed to prolonged maintenance from 4Q24, and expected to be completed in 3Q25F. However, sales volume rose to 175kt (+8% qoq) thanks to inventory sales. ASP declined by 7% qoq to US\$341/t, underperforming Fertecon prices (dropped 3-5% qoq). As a result, gross margin declined to 28% (-751bps qoq).

LPG ASP declined significantly despite resilient benchmark price

On LPG front, 1Q25 production remained flat at 17kt and ASP declined by 12% qoq to US\$553/t, while CP Aramco price only declined by 2% qoq. Surprisingly, LPG gross margin expanded to 53% (+747bps qoq). Overall, 1Q25 LPG sales volume and ASP was below our FY25F estimates at 23/92% of IPS respectively.

Maintain Buy at a lower SOTP-based TP of Rp900/sh

We cut our FY25/26/27F earnings estimates by 39/40/52% to reflect: 1) Lower ammonia ASP of US\$333/t (-12%) and lower ammonia sales volume of 648kt in FY25F (-11%). These adjustments resulted in a lower SOTP-based TP of Rp900/sh (from Rp1,100 previously). However, we maintain our Buy rating as we think ESSA's attractive long-term expansion plan of venturing into SAF and doubling its ammonia capacity remains intact and remains key in unlocking the company's intrinsic value. Key downside risks are softer LNG demand in Asia due to softer economic activity and delay in project timeline.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	345	301	256	305	305
EBITDA	124	128	104	125	125
Net profit	35	45	35	35	22
EPS growth	-75%	31%	-23%	0%	-38%
ROE	7%	8%	6%	5%	3%
PER (x)	23.7	18.1	23.5	23.5	38.0
EV/EBITDA (x)	7.1	5.9	7.0	7.4	8.3
Dividend yield	N/A	N/A	N/A	N/A	N/A
IPS vs. consensus			75%	79%	49%

Source: Company, Indo Premier

Share price closing as of: 30 April 2025

Fig. 1: Forecast changes summary

Forecast changes (US\$ mn)	Previous			New			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Net revenue	325	342	342	256	305	305	-21%	-11%	-11%
Cost of sales	(209)	(223)	(241)	(177)	(207)	(225)	-15%	-7%	-6%
Gross profit	116	119	101	79	98	80	-32%	-18%	-21%
SG&A Expenses	(27)	(28)	(28)	(22)	(26)	(26)	-19%	-8%	-8%
Operating profit	89	91	73	57	72	54	-36%	-21%	-26%
Net interest	5	5	1	0	(15)	(19)	-100%	-400%	-1651%
Others	0	0	0	0	0	0	N/A	N/A	N/A
Pre-tax income	94	96	75	57	57	35	-39%	-41%	-53%
Income tax	(21)	(21)	(16)	(13)	(13)	(8)	-39%	-41%	-53%
Minority interest	(17)	(17)	(13)	(10)	(10)	(6)	-42%	-43%	-56%
Net income	57	58	45	35	35	22	-39%	-40%	-52%

Source: Company, Indo Premier

Fig. 2: 1Q25 financial summary

ESSA 1Q25 results	1Q25	1Q24	yoy%	4Q24	qoq%	IPS FY25F	% of IPS	Cons FY24F	% of cons
Revenue	70	74	-6%	71	-2%	325	21%	285	24%
COGS	(47)	(47)	1%	(45)	6%	(209)	23%	(173)	27%
Gross profit	22	27	-18%	27	-17%	116	19%	111	20%
Gross margin	32%	37%		37%		36%		34%	
Opex	(8)	(7)	12%	(8)	5%	(27)	29%	(38)	21%
EBIT	14	20	-29%	19	-25%	89	16%	73	19%
EBIT margin	21%	27%		27%		27%		24%	
Depreciation	11	12	-5%	12	-6%	47	23%	40	28%
EBITDA	25	32	-20%	31	-18%	136	19%	113	22%
EBITDA margin	36%	43%		43%		41%		44%	
Interest income	1	1	-22%	1	-47%	5	14%		
Interest expense	(1)	(3)	-62%	(2)	-32%		#DIV/0!		
Others	(0)	0	-1916%	0	-130%				
Pre-tax profit	14	18	-23%	19	-28%	94	14%		
Income tax	(3)	(4)	-24%	(4)	-17%	(21)	14%		
Minority interest	(3)	(3)	-26%	(4)	-33%	(17)	15%		
Net profit	8	10	-21%	12	-30%	57	14%	46	17%
Net margin	12%	14%		16%		15%		15%	

Source: Company, Indo Premier

Fig. 3: 1Q25 operational summary

Operational summary	1Q25	1Q24	yoy%	4Q24	qoq%	IPS FY25F	% of IPS	Cons FY24F	% of cons
Ammonia (k mt)	175	182	-4%	177	-1%	748	23%	-	N/A
Utilization rate (%)	104%	122%		109%		115%		-	N/A
LPG (k mt)	17	16	3%	17	0%	72	23%	-	N/A
Utilization rate (%)	117%	114%		117%		125%		-	N/A
Ammonia ASP (US\$/mt)	341	344	-1%	368	-7%	375	91%	-	N/A
LPG ASP (US\$/mt)	553	622	-11%	629	-12%	600	92%	-	N/A

Source: Company, Indo Premier

Fig. 4: SOTP valuation summary

SOTP Valuation	US\$m n
Ammonia (70% ownership)	714
LPG	187
Asset value	901
Cash	88
Debt	-
Equity value	989
USD/IDR	16,000
Outstanding shares	17,227
Target price	900
Current share price	605
Upside/(downside)	49%

Source: Company, Indo Premier

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	345	301	256	305	305
Cost of sales	(242)	(193)	(177)	(207)	(225)
Gross profit	103	108	79	98	80
Opex	(26)	(26)	(22)	(26)	(26)
Operating profit	77	82	57	72	54
Net interest	(15)	(5)	0	(15)	(19)
Others	(0)	0	0	0	0
Pre-tax income	62	77	57	57	35
Income tax	(15)	(16)	(13)	(13)	(8)
Minority interest	(12)	(15)	(10)	(10)	(6)
Net Income	35	45	35	35	22

Balance Sheet (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Cash & Equivalent	98	157	88	98	89
Receivable	38	22	18	22	22
Inventory	25	28	20	23	25
Other Current Assets	18	11	11	11	11
Total Current Assets	179	219	137	155	147
Fixed Assets - Net	493	451	484	713	849
Other non-Current Assets	24	24	24	24	24
Total non-current assets	517	475	508	737	873
Total Assets	695	694	645	892	1,020
Payable	12	10	9	11	12
ST Bank Loan	0	34	0	0	0
Current Portion of LT Loans	106	42	0	0	0
Other Current Liabilities	7	6	6	6	6
Total Current Liabilities	125	93	16	17	18
Long Term Loans	55	16	0	200	300
Other LT Liabilities	18	31	31	31	31
Total Liabilities	198	140	47	248	349
Equity	146	145	145	145	145
Retained Earnings	210	253	287	322	344
Others	23	19	19	19	19
Minority Interest	118	137	147	157	163
Total SHE + Minority Int.	498	554	599	643	671
Total Liabilities & Equity	695	694	645	892	1,020

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
EBIT	77	82	57	72	54
Depr. & amortization	47	46	47	52	70
Net interest	(15)	(5)	0	(15)	(19)
Changes in working capital	17	11	11	(5)	(1)
Others	25	9	(13)	(13)	(8)
Cash flow from operating	151	143	103	92	97
Capital expenditure	(3)	(5)	(80)	(281)	(206)
Others	0	5	0	0	0
Cash flow from investing	(3)	(0)	(80)	(281)	(206)
Loans	(109)	(69)	(92)	200	100
Equity	41	(5)	0	0	0
Dividends	0	0	0	0	0
Others	(130)	(10)	0	0	0
Cash flow from financing	(198)	(84)	(92)	200	100
Changes in cash	(49)	59	(70)	11	(9)

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	30%	36%	31%	32%	26%
Operating margin	22%	27%	22%	24%	18%
Pre-tax margin	18%	25%	22%	19%	12%
Net margin	10%	15%	14%	11%	7%
ROA	5%	7%	5%	4%	2%
ROE	7%	8%	6%	5%	3%
ROIC	14%	17%	11%	10%	6%
Acct. receivables TO (days)	9	14	14	14	14
Inventory TO (days)	6	9	10	9	10
Acct. payables TO (days)	20	19	19	19	19
Debt to equity	32%	17%	0%	31%	45%
Interest coverage ratio (x)	7.0	12.7	20.9	6.2	6.2
Net gearing	13%	-12%	-15%	16%	31%

Source: Company, Indo Premier

INVESTMENT RATINGS

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

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.