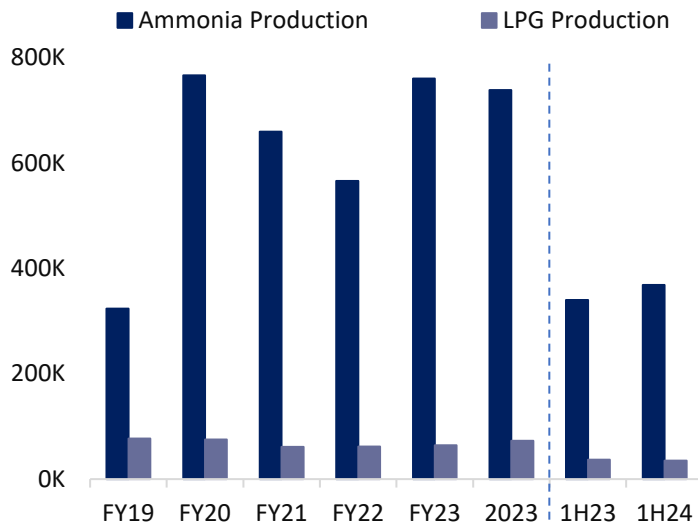
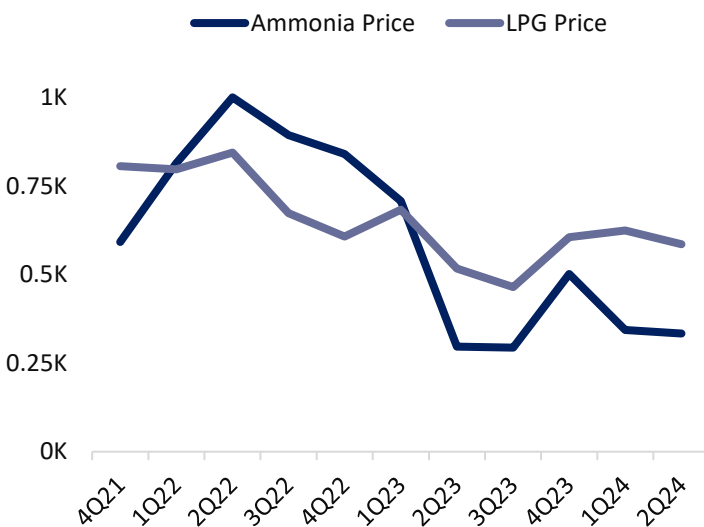


Figure 1. Production Performance (KMT/Year)



Source: Company & KSI Research

Figure 2. Realized Price (USD/Mt)



Source: Company & KSI Research

Comment

It is evident that ESSA has the potential to enhance performance and growth in 2024. At present, ESSA is trading at IDR 825, reflecting fair value with PE level of 17.5x (Vs Mean PE 5Y 21.8X, with Current PBV level at 2.2x (Vs Mean PBV 5Y 2.1x).

Production and Performance Highlight

PT ESSA Industries Indonesia Tbk (formerly PT Surya Esa Perkasa Tbk.) ('ESSA'), a publicly listed company engaged in the energy and chemical sector through its LPG refinery and ammonia plant, today announced its financial results for the first half of 2024. Revenue for the period was USD 151.6 Million, - 51% YoY (Vs USD 168.2 Million), and EBITDA was USD 61.6 Million, 48% YoY (Vs USD 41.7 Million). Net profit saw an impressive increase of USD 20.6 Million, representing a 415% YoY growth (Vs USD 4 Million) Lower revenue was mainly due to lower commodity prices.

However, ESSA managed to maximize margins by increasing production levels in 1H24. After a planned temporary shutdown for facility maintenance that lasted for almost two weeks, the ammonia plant operated at optimal productivity and efficiency. Ammonia production volume in 1H24 was higher than 1H23. Meanwhile, the LPG refinery achieved five years of uninterrupted operation in Q2 2024.

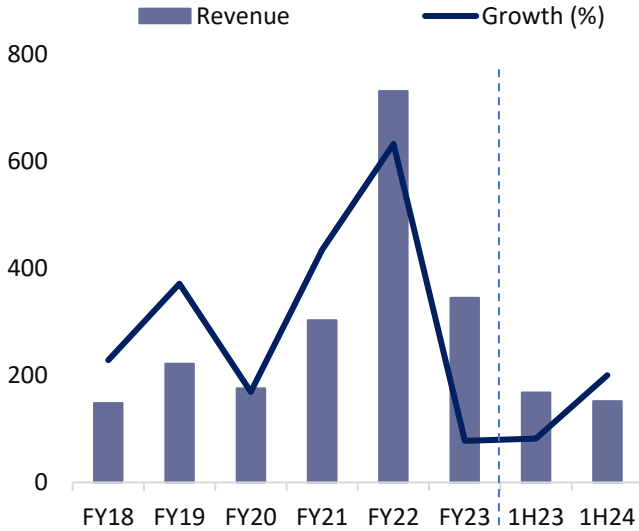
ASP Highlight

The ammonia price realization for ESSA remained under pressure at the end of Q2 2024, with a quarterly decline 2.9% QoQ/12.5% YoY, resulting in an average price of USD 334/MT. The decline in ammonia prices that began in early 2023 appears to have reached its lowest point in mid-2023, with indications of an upward trajectory in the future. Despite the downward pressure in early 2024 due to geopolitical issues in the Middle East and Red Sea region, we anticipate that ammonia prices will remain at the same level as in 2023. The downward trajectory appears to have bottomed out in March, and we expect to see an upward trajectory going forward.

LPG price realization also demonstrated a decline of - 6.2% QoQ/-13.3% YoY, resulting in an average price of USD 586/MT. However, prices remained above seasonal lows due to voluntary oil production cuts by OPEC+.

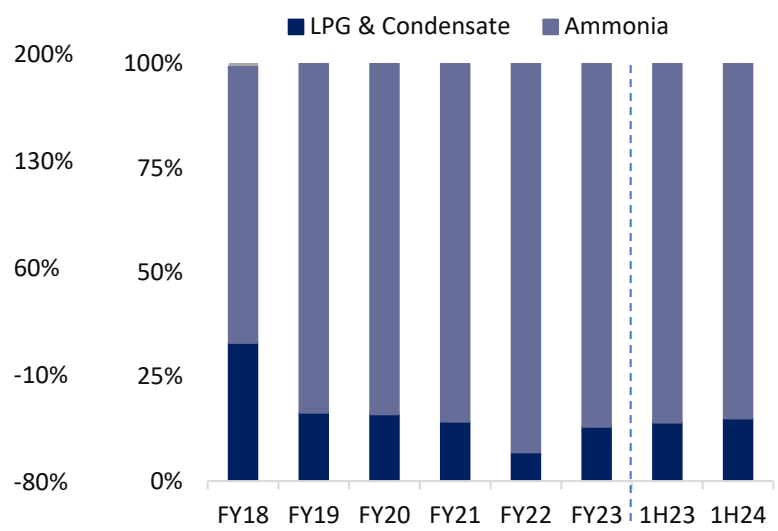
Financial Performance Update

Figure 3. Revenue (USD/Mn)



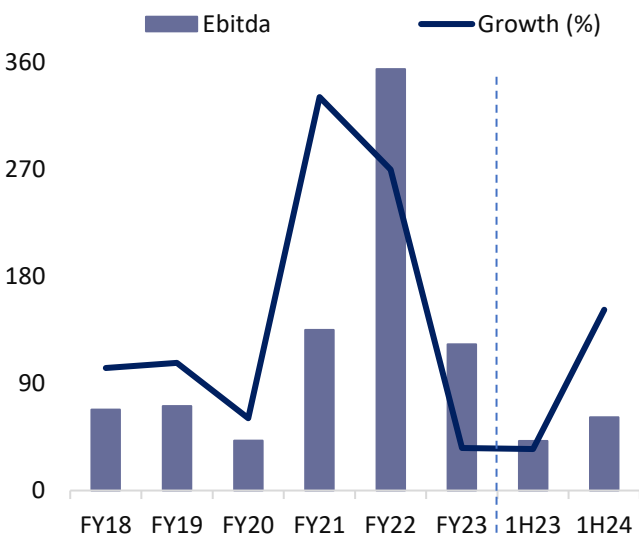
Source: Company & KSI Research

Figure 4. Revenue Breakdown



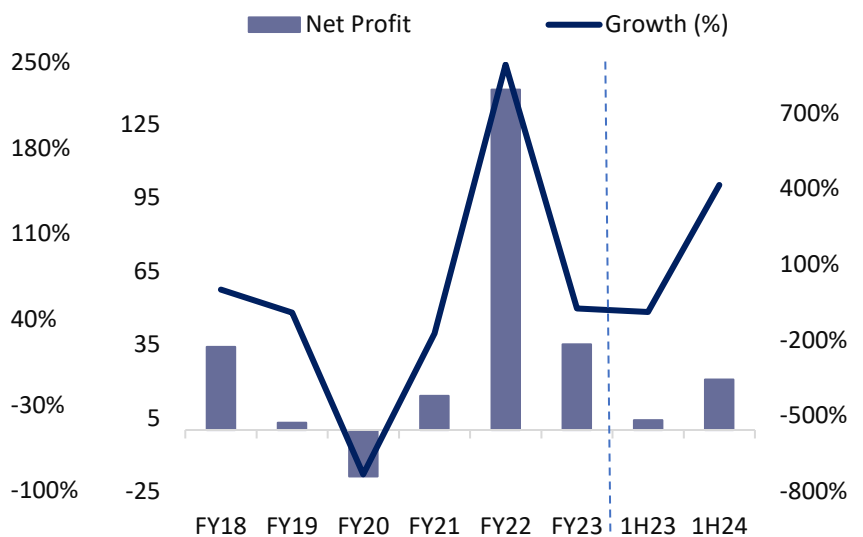
Source: Company & KSI Research

Figure 5. Ebitda (USD/Mn)



Source: Company & KSI Research

Figure 6. Net Profit (USD/Mn)



Source: Company & KSI Research

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