

Riding the ammonia price tailwind

24 June 2026



We initiate coverage on ESSA with a BUY rating and a target price of IDR940/share. We forecast '26F to be the company's strongest earnings year since FY22A, with net profit projected to surge by +59.6% YoY to USD64.3 mn. This growth is driven by two key factors: rising ammonia prices and the first full year of near-zero finance expenses following the full repayment of its USD800 mn project financing debt. Our target price is based on a DCF valuation (WACC: 12.1%, terminal growth: 1.5%), incorporating a 20% discount to reflect ammonia price volatility.

ESSA IJ	BUY
Sector	Basic Materials
Price at 23 June 2026 (IDR)	660
Price target (IDR)	940
Upside/Downside (%)	42.4%

Stock Information

ESSA Industries Indonesia (ESSA) is the largest private operator of LPG and ammonia processing facilities in Indonesia, supported by advanced production technology that enhances operational efficiency and product competitiveness.

Market cap (IDR bn)	11.111
Shares outstanding (mn)	17.227
52-week range (IDR)	525-995
3M average daily vol. ('000)	142.531
3M average daily val. (IDR mn)	109.902

Shareholders (%)

PT Akraya International	7.84
Garibaldi Thohir	15.91
Public	57.37

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	(6.3)	(10.8)	(2.9)

Leveraged to ammonia price upside. ESSA is well-positioned to benefit from the ongoing increase in global ammonia prices, driven by the Iran-US escalation and the temporary closure of the Strait of Hormuz in early FY26F. These events reduced the share of globally traded ammonia supply from approximately 10% of global production to around 7%-a disproportionately significant shock given the already thin seaborne market. With ammonia contributing more than 80% of revenue, ESSA is among the most direct beneficiaries of this supply disruption. Our sensitivity analysis indicates that every USD10/mt change in ammonia prices impacts net profit by ~USD1.8mn (2.7%) in '26F. We therefore model ESSA's blended ASP at USD450/mt in '26F (+33.1% YoY vs. FY25A: USD338/mt), resulting in estimates revenue of USD361.1 mn (+22.4% YoY) and net profit of USD64.3 mn (+59.6% YoY).

Balance sheet deleveraging represents a structural earnings re-rating catalyst. ESSA has fully repaid the USD800 mn project financing debt used to construct PAU's ammonia plant, which was commissioned in Aug '18, and has been debt-free since 3Q25. As a result, we project finance expenses to decline from USD78.3 mn in FY21A to ~USD7,000 annually from FY26F onward. This materially improves EBT-to-EBITDA conversion and supports a net profit CAGR of 7.3% over FY25A-FY30F, outpacing both revenue (2.8%) and EBITDA (3.6%) growth. It's worth noting that our model does not include any contribution from ESSA's blue ammonia project, which remains at the feasibility stage with no FID taken. Should the project proceed, likely funded via new project financing, we would revise our FY27F-FY30F estimates to reflect the reintroduction of finance expenses ahead of incremental revenue contribution.

Earnings resilience despite price normalization. Even as ammonia prices normalize—we forecast a decline to USD380/mt from FY28F onward—ESSA's earnings should remain resilient, supported by its debt-free balance sheet. Gross margins are expected to remain above 36.0% through '30F, well above the FY25 trough of 33.5%. Under a downside scenario assuming ammonia prices of USD400/mt, '26F net profit would reach USD55.3 mn (-14% vs. our base case), indicating moderate compression rather than a sharp decline.

Dividend yield provides additional support to the total return profile. ESSA recently announced a dividend of IDR52/share for FY26F, implying a yield of approximately 7.8% based on the last closing price of IDR660/share. Given its debt-free balance sheet and projected cash position exceeding USD150mn, we expect the payout ratio to remain >100% of net profit from FY27F onward. However, a potential FID for the blue ammonia project would require a reassessment of our dividend assumption.

Initiate BUY with DCF based TP of IDR 940/share. We initiate coverage with a BUY rating and a DCF-based target price of IDR940/share (WACC: 12.1%, terminal growth: 1.5%), incorporating a 20% discount to reflect ammonia price volatility. Key downside risks include: sustained ammonia prices below USD380/mt beyond our normalization assumption. Key upside risks include: (1) ammonia prices remaining above USD500/mt through 2H26F, and (2) earlier-than-expected FID for the blue ammonia project, which could drive additional re-rating not reflected in our target price.

Exhibit 1: Key Statistics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Revenue (USD Thousand)	301.402	295.015	361.126	344.897	332.260
Gross Profit (USD Thousand)	108.041	98.864	137.920	132.636	122.638
EBITDA (USD Thousand)	128.627	119.252	156.326	148.316	137.794
Net Profit (USD Thousand)	45.181	40.291	64.324	61.478	55.533
EBITDA Margin (%)	42,7%	40,4%	43,3%	43,0%	41,5%
Net Margin (%)	15,0%	13,7%	17,8%	17,8%	16,7%
ROAA (%)	6,9%	6,1%	9,8%	9,4%	8,5%
ROEA (%)	7,9%	7,0%	11,2%	10,7%	9,7%
P/E (x)	19,1x	15,5x	10,1x	10,5x	11,7x
EV/EBITDA (x)	7,2x	5,3x	3,1x	3,1x	3,3x

Source: Company, KBVS Research

Analyst

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Business Overview

ESSA Industries Indonesia (ESSA)'s core operations span two commodities: ammonia and LPG. Ammonia production is carried out through its subsidiary, PT Panca Amara Utama (PAU), which operates a 1,900 tonnes-per-day (TPD) ammonia plant in Banggai, Central Sulawesi - notably, the world's first greenfield ammonia facility built using KBR's Reforming Exchanger System & Purifier Technology, underscoring ESSA's position at the technological frontier of ammonia production. LPG production is housed under the Palembang LPG Plant (PLP).

ESSA is Indonesia's largest private LPG refiner and a major ammonia producer, operating in the Energy and Chemicals sectors

Beyond these core operations, ESSA is positioning for the next phase of industry transition. The company is currently in the study phase for a Sustainable Aviation Fuel (SAF) project under PT ESSA SAF Makmur. We have not yet incorporated this project into our estimates. Taken together, ESSA's asset base comprises two principal operating facilities; PAU and PLP. The following section outlines further details of these two plants.

Exhibit 2: Palembang LPG Plant (PLP)



Source: Company, KBVS Research

Palembang LPG Refinery

Commercial production since 2007. Feed gas supplied by Pertamina (Cambai Pipeline & Lembak Field); propane (C3) and butane (C4) are extracted for LPG, and heavier C5+ for condensate. Installed capacity: 174 TPD LPG and 410 bpd condensate.

PLP Installed capacity: 174 TPD LPG, 410 bpd condensate

Exhibit 3: Banggai Ammonia Plant (BAP)



Source: Company, KBVS Research

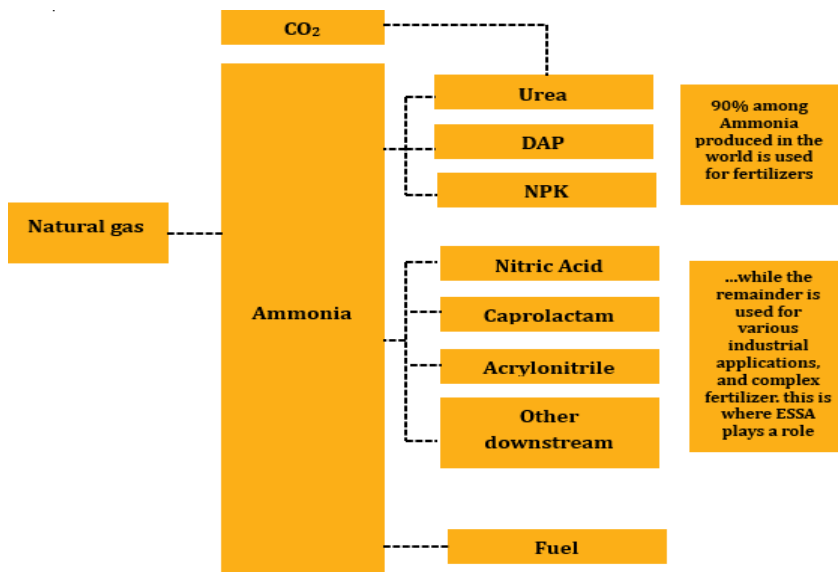
Banggai Ammonia Plant

Banggai Ammonia Plant operates by PT Panca Amara Utama (PAU). ESSA holds a 70.0% stake in PAU through ESSA Chemicals Indonesia (ECI). The Plant using KBR's Reforming Exchanger System & Purifier Technology-the world's first greenfield application. Gas feedstock is supplied from the Senoro-Toili field via JOB Pertamina-Medco E&P Tomori Sulawesi, with offtake to Mitsubishi Corporation, Japan. Installed capacity is 700,000 MT/year.

Banggai Ammonia Plant Installed capacity is 700,000 MT/year.

Ammonia Product Value Chain

Exhibit 4: Ammonia Value Chain



Source: Company, KBVS Research

ESSA's ammonia output is positioned within second category

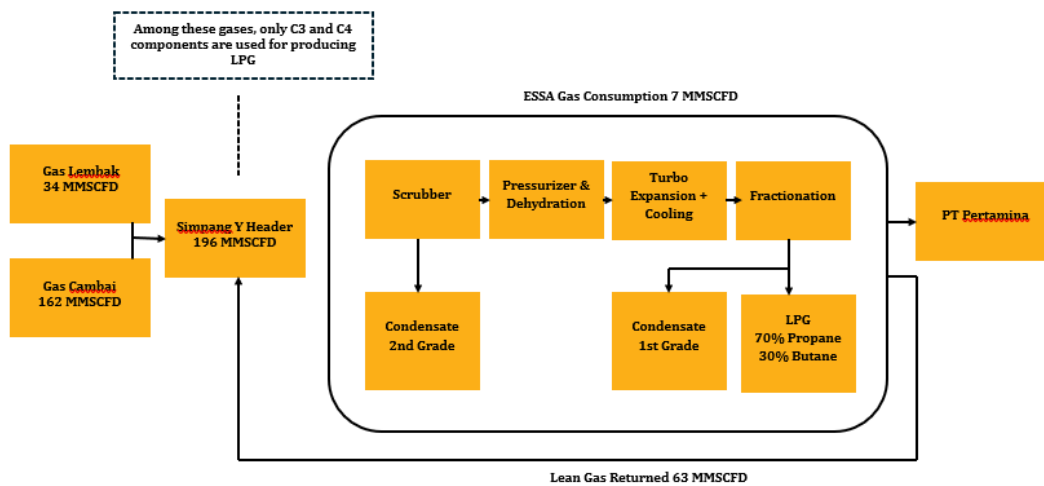
Ammonia is produced from natural gas as the primary feedstock, with CO₂ as a co-input, and serves as the base building block for a wide range of downstream products. Globally, around 90% of ammonia produced is consumed by the fertilizer industry, used to manufacture urea, DAP (diammonium phosphate), and NPK compound fertilizers. The remaining share feeds into industrial chemical applications — including nitric acid, caprolactam, acrylonitrile, and other downstream derivatives as well as a smaller, emerging use as a clean fuel.

90% of global ammonia output goes to fertilizers (urea, DAP, NPK); the rest feeds industrial chemicals (nitric acid, caprolactam, acrylonitrile, others) and a small, emerging clean fuel use.

ESSA's ammonia output is positioned within this second category: rather than supplying the bulk fertilizer market, the ammonia produced by PAU is predominantly directed toward industrial chemicals and complex fertilizer applications, with **key export destinations including Korea, Taiwan, Finland, and India**. This product mix differentiates ESSA from typical regional ammonia/urea producers, whose output is more heavily weighted toward straight fertilizer use. Separately, ammonia's potential role as a clean fuel is gaining traction industry-wide as a decarbonization pathway, particularly for shipping and power generation. ESSA has signal work toward producing Low Carbon Ammonia for fuel applications; however, as this remains at an early stage, we have not incorporated any related revenue or capacity into our current estimates.

LPG Plant Value Chain

Exhibit 5: LPG Plant Value Chain



Source: Company, KBVS Research

ESSA's LPG business operates on a processing arrangement with Pertamina EP, Indonesia's state-owned upstream operator, rather than on direct feedstock ownership, a structure that shapes both the plant's margin profile and its risk exposure. **Feedstock;** Pertamina EP supplies up to 70 MMSCFD of feed gas to ESSA, sourced from the Cambai Pipeline (162 MMSCFD) and Lembak Field (34 MMSCFD) and combined at the Simpang Y Header before delivery to the plant. **Processing;** ESSA's facility, comprising a scrubber, pressurizer/dehydration unit, turbo expansion and cooling system, and fractionation unit, extracts only the propane (C3) and butane (C4) fractions to produce LPG (70% propane, 30% butane), along with heavier C5+ hydrocarbons for condensate. Actual gas consumption for this process is a modest 7 MMSCFD; the remaining 63 MMSCFD (primarily methane and ethane, not usable for LPG) is returned to Pertamina as lean gas and forwarded to PLN, PUSRI, and Pertamina's Plaju Refinery. **Product and sales;** LPG is sold to Pertamina on a FOB plant basis, while condensate output is returned to Pertamina EP in lieu of a cash handling fee.





LPG sold to Pertamina FOB plant; condensate returned in lieu of cash fee

Exhibit 6: Board Of Commissioners

Board Of Commissioner		
	Posititon	Description
<p>Hamid Awaluddin</p> 	<p>President Commissioner & Independent Commissioner</p>	<p>Hamid Awaluddin has extensive experience in Indonesia's legal, diplomatic, and public sectors, having served as Minister of Law and Human Rights and as Ambassador to Russia. He currently holds commissioner roles at several listed companies, including PT Archi Indonesia Tbk, PT Pelita Samudera Shipping Tbk, and PT Delta Dunia Makmur Tbk, and has served as the President Commissioner of PT ESSA Industries Indonesia Tbk since 2012. He holds a Bachelor of Laws from Hasanuddin University and a Ph.D. from American University.</p>
<p>Chander V. Laroya</p> 	<p>Vice President Commissioner & Founder and Group Chairman</p>	<p>Chander Vinod Laroya has more than 45 years of experience in Indonesia and is the founder of the Akrya Group. He previously served as President Director & CEO of PT ESSA Industries Indonesia Tbk before being appointed Vice President Commissioner in October 2023, and continues to lead PT Panca Amara Utama as President Director & CEO. He holds an MBA from Birla Institute of Technology, India.</p>
<p>Rahul Puri</p> 	<p>Commissioner</p>	<p>Rahul Puri has more than 16 years of experience in Indonesia, spanning finance, engineering, and corporate management within the Akrya Group. He has served as a Commissioner of PT ESSA Industries Indonesia Tbk since 2012 and currently also serves as President Commissioner of PT Panca Amara Utama. He is a Chartered Accountant from the Institute of Chartered Accountants, India.</p>
<p>Arif Rachmat</p> 	<p>Commissioner</p>	<p>Arif Rachmat has extensive experience in corporate management across the plantation, mining, and industrial sectors, including senior roles at PT Triputra Agro Persada Tbk and PT Dharma Satya Nusantara Tbk. He began his career at General Electric Company before co-founding Triputra Agro Persada and has served as a Commissioner of PT ESSA Industries Indonesia Tbk since March 2022. He holds degrees in Operations Research and Industrial Engineering from Cornell University.</p>
<p>I. B. Rahmadi S.</p> 	<p>Independent Commissioner</p>	<p>Prof. Dr. Ida Bagus Rahmadi Supancana has nearly four decades of experience in legal and regulatory affairs, including as a professor at Atma Jaya University and founder of the Center of Regulatory Research. He has served as an Independent Commissioner of PT ESSA Industries Indonesia Tbk since 2011. He holds a doctorate in Air and Space Law from Leiden University, Netherlands.</p>
<p>Bhavna Laroya</p> 	<p>Commissioner</p>	<p>Bhavna Laroya has more than two decades of experience in equity research and investment management, including roles at Morgan Stanley, Stark Investments, and CastleBay Capital Management. She is the founder of Genesis International Investment Holding and has served as a Commissioner of PT ESSA Industries Indonesia Tbk since 2024. She holds an MBA from the Ross School of Business, University of Michigan.</p>

Source: Company, KBVS Research

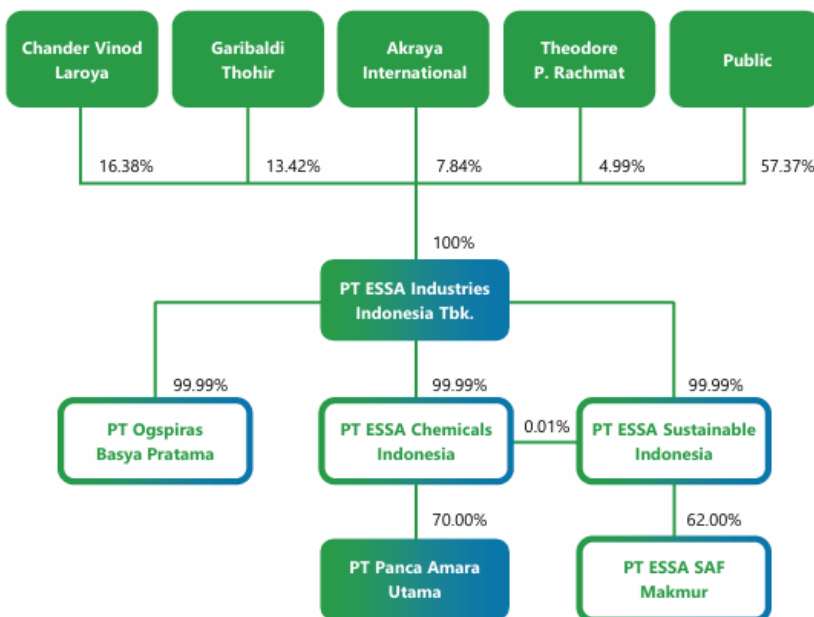
Exhibit 7: Board Of Directors

Board Of Directors		
	Posititon	Description
<p>Kanishk Laroya</p> 	<p>President Director & CEO</p>	<p>Kanishk Laroya has been with PT ESSA Industries Indonesia Tbk since 2012, progressing through investor relations, business development, and project leadership roles before being appointed President Director & CEO in October 2023. He also serves as Vice President, Director & Deputy CEO of PT Panca Amara Utama. He holds a Bachelor's degree in Finance and Entrepreneurship from Carnegie Mellon University.</p>
<p>Mukesh Agrawal</p> 	<p>Director & COO</p>	<p>Mukesh Agrawal has more than two decades of engineering and operations experience, including senior roles at PT Indorama Synthetics Tbk prior to joining PT ESSA Industries Indonesia Tbk in 2010. He has served as Director & Chief Operating Officer since 2020, overseeing operations at both PT ESSA Industries Indonesia Tbk and PT Panca Amara Utama. He holds a Master's degree in Instrumentation Engineering from the National Institute of Technology, India.</p>
<p>Prakash Bumb</p> 	<p>Director & CFO</p>	<p>Prakash Bumb has more than three decades of experience in corporate finance, including a senior executive role at Reliance Communications Ltd. and an extended tenure at PT Indorama Synthetics Tbk. He joined PT ESSA Industries Indonesia Tbk in 2013 and has served as Director & Chief Financial Officer since March 2022. He is a Chartered Accountant from the Institute of Chartered Accountants of India.</p>
<p>Isenta Hioe</p> 	<p>Director</p>	<p>Isenta Hioe has been with PT ESSA Industries Indonesia Tbk since 2006, having previously held investment banking roles at PT Bahana Securities and PT PricewaterhouseCoopers Indonesia. He also serves as Director of PT Panca Amara Utama and PT Sepchem. He holds an MBA from Oklahoma State University, USA.</p>

Source: Company, KBVS Research

ESSA Ownership Structure

Exhibit 8: ESSA Ownership Structure



ESSA's Ultimate Beneficial Owners (UBOs) are Chander Vinod Laroya and Garibaldi "Boy" Thohir

Source: Company, KBVS Research

Industry outlook

Hormuz closure drives the sharpest regional price divergence since '22A. The Iran–US escalation and subsequent closure of the Strait of Hormuz in early '26F represents the most significant supply disruption to global ammonia markets since the '22A Russia-Ukraine crisis. This event effectively removing 21% of globally traded ammonia supply with production from Saudi Arabia, Qatar, UAE, Bahrain, and Iran simultaneously disrupted. According to Platts Ferretcon, ammonia prices across all benchmarks surged materially between January and April '26F — FOB Southeast Asia rose from USD475/mt to USD738/mt (+55% YTD), FOB Middle East from USD515/mt to USD778/mt (+51% YTD), and CFR Far East from USD520/mt to USD783/mt (+51% YTD). **The price impact was most acute in Asia, where CFR India surged from USD520/mt to USD858/mt (+65% YTD)- reflecting Asia's structural import dependency on Middle Eastern supply.** In contrast, price increases in Europe and the US were comparatively contained at +33% mom (NW Europe: USD678/mt to USD905/mt) and +24% YTD (CFR US Tampa: USD775/mt) respectively, as these regions benefit from alternative supply sources less exposed to Hormuz disruption.

Exhibit 9: Middle East Ammonia Price (USD/MT)



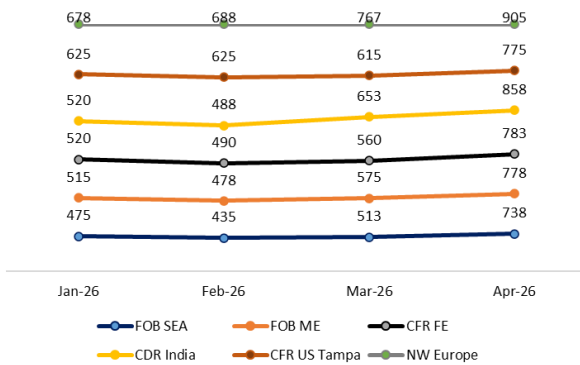
Source: Bloomberg , KBVS Research

Exhibit 10: US Tampa Ammonia Price (USD/MT)



Source: Bloomberg , KBVS Research

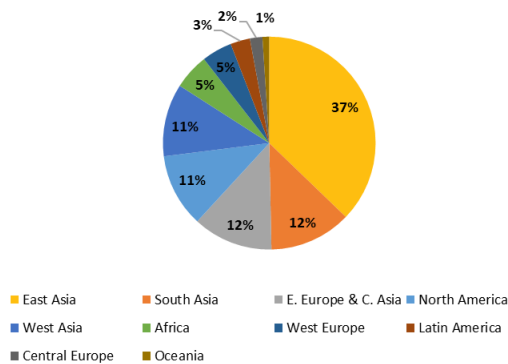
Exhibit 11: Ammonia Prices – Before & After ME Conflic (USD/MT)



Source: Company , KBVS Research

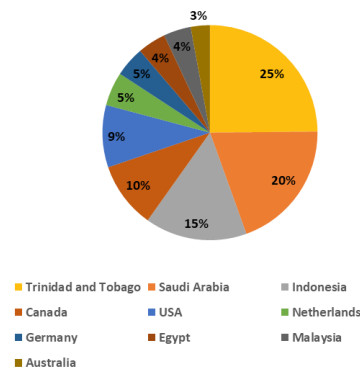
Supply concentration creates structural price volatility. Global ammonia production is dominated by East Asia at 37% of global output, followed by South Asia and Eastern Europe & Central Asia at 12% each, and North America and West Asia at 11% each (Exhibit 9). However, the export market presents a markedly different picture. Trinidad & Tobago leads global ammonia export volumes at 25%, followed by Saudi Arabia at 20% and Indonesia at 15%, reflecting the export-oriented nature of gas-rich producing nations (Exhibit 10). The divergence between production share and export share is particularly pronounced for the Middle East: West Asia accounts for only 11% of global production but Saudi Arabia alone commands 20% of globally traded export volumes-underscoring the region's role as a structural price-setter in international ammonia markets. **Based on International Energy Agency (IEA) data, global ammonia production totals approximately 200 MMT per annum, yet only ~18–20 MMT, or approximately 10% of total output enters the seaborne traded market, with the overwhelming majority consumed domestically as fertilizer feedstock in China and India. This structurally thin traded market is the fundamental reason why supply disruptions, whether geopolitical, regulatory, or operational translate disproportionately into sharp price volatility.**

Exhibit 12: Global Ammonia Producer by Region (%)



Source: Statista, KBVS Research

Exhibit 13: Export volume of ammonia worldwide by country (%)



Source: Statista, KBVS Research

Price outlook-elevated near-term, conservative normalization thereafter. We forecast ESSA's blended ammonia realizations at USD450/mt in '26F, reflecting a full-year ASP deliberately set below the January '26F FOB SEA spot of USD475/mt, incorporating both the Hormuz-driven price spike in 1H26F and an expected gradual normalization in 2H26F. We conservatively assume realizations ease to USD400/mt in '27F and USD380/mt from '28F onward- consistent with the pre-Hormuz price range observed through '23A-'25A, when global seaborne ammonia trade averaged approximately 18-20 MMT per annum

Financial Outlook

Exhibit 14: ESSA Financial Outlook

USD Thousand	2025A	2026F	2027F	2028F	2029F	2030F
Sales	295.015	361.126	344.897	332.260	335.156	338.257
Gross Profit	98.864	137.920	132.636	122.638	126.022	127.247
Operating Profit	70.779	109.089	103.919	93.310	95.489	96.085
EBITDA	119.252	156.326	148.316	137.794	140.673	142.495
Net Profit	40.291	64.324	61.478	55.533	56.892	57.352
Assumption						
Ammonia (USD/MT)	338	450	400	380	380	380
LPG (USD/MT)	556	530	557	584	614	644

Source: KBVS Research

Ammonia sharp '26F re-rating, conservative normalization thereafter. Revenue is forecast to growth to USD361.1mn in '26F from USD295.0mn in '25A (+22.4% YoY), before gradually moderating toward USD338.3mn by '30F, implying a '25A-'30F revenue CAGR of +2.8%. The top-line trajectory is driven by two distinct product dynamics, each with differing price outlooks and demand characteristics. We model blended ammonia realisations at USD450/mt in '26F (+33.1% vs. '25A: USD338/mt), reflecting two compounding forces. First, a structural pre-conflict tightening was already underway entering '26F: China's near-complete curtailment of nitrogen fertilizer exports through '24-'25 removed a meaningful share of global supply from traded markets, natural gas and LNG cost escalation lifted production costs for import-dependent producers globally, and supply disruptions in Trinidad tightened regional nitrogen availability, collectively pushing ammonia prices approximately 15% higher by end-'25A relative to their mid-year trough. Second, the Iran-US escalation and subsequent closure of the Strait of Hormuz in early '26F created an acute supply shock, halting middle east production, temporarily driving nitrogen prices to their highest levels since the '22A Russia-Ukraine. We conservatively model ammonia realisations normalising to USD400/mt in '27F and USD380/mt in '28F-'30F, as Middle East production capacity gradually restores. We view this as a deliberately conservative assumption.

Sharp ammonia price re-rating in '26F is expected to drive a 22,4% YoY Revenue

Gross margin to remain above 36% for '26F-'30F. Gross profit peaks at USD137.9mn in '26F (gross margin: 38.2%) before gradually easing to USD127.2mn by '30F (37.6%). The margin compression over the forecast period primarily reflects ammonia price normalization, as we model realizations declining from USD450/mt in '26F to USD380/mt by '28F-'30F following the gradual restoration of Middle East production capacity post-Hormuz disruption. We note that ESSA's gross margins remain structurally above 33,5% seen in '25, reflecting a structural improvement in the cost-revenue mix post-debt restructuring.

...Gross margin to remain above 36% in '26F-'30F...

EBITDA strong '26F step-up, gradual normalization thereafter. EBITDA is projected to surge to USD156.3mn in '26F (+31.1% YoY from USD119.3mn in FY25), the highest level since the exceptional FY22 (USD348.8mn). Beyond '26F, EBITDA moderates to USD137.8mn in '28F before recovering to USD142.5mn in '30F, implying a '25A-'30F EBITDA CAGR of +3.6%. EBITDA margins remain broadly stable in the 39-43% range across the forecast period, consistent with ESSA's capital-light operating profile post-capex peak.

...EBITDA is forecast to peak at USD156.3mn in '26F (+31.1% YoY)...

Net profit-strongest earnings recovery in four years, powered by ammonia re-rating and structural debt elimination. Net profit is forecast at USD64.3mn in '26F, a 59.6% YoY improvement from USD40.3mn in '25A, and the strongest bottom-line result since the commodity-windfall year of '22A. The magnitude of this recovery reflects two equally critical and mutually reinforcing drivers. First, the sharp recovery in ammonia realizations to USD450/mt in '26F (+33.1% YoY) directly expands gross profit and flows through to operating income. Second, the near-complete elimination of finance expenses ensures that a far greater proportion of operating income converts to reported earnings than at any point in the company's recent history.

...Net profit is expected to surge 59.6% YoY to USD64.3mn in '26F...

Post-'26F, we project net profit to moderate to USD61.5mn in '27F and USD55.5mn in '28F, reflecting our conservative ammonia price normalization assumption of USD400/mt and USD380/mt respectively. A mild recovery follows in '29F-'30F (USD56.9mn to USD57.4mn), supported by steady LPG price appreciation and resilient operating leverage on a debt-free balance sheet, yielding a '25A-'30F net profit CAGR of +7.3%. Notably, the bottom-line CAGR outpaces both revenue (+2.8%) and EBITDA (+3.6%) growth across the same period. A structural divergence reflecting debt retirement compounding on top of commodity cycle recovery, and one we view as the most compelling element of ESSA's investment thesis at current valuations.

earnings are projected to normalise thereafter alongside ammonia price moderation, but still deliver a 7.3% '25-'30F CAGR

Key risks to our estimates. On the downside: a sustained decline in spot ammonia prices below USD400/mt would compress margins meaningfully. **On the upside:** a sharper-than-expected ammonia price above USD500/mt

Exhibit 15: ESSA Ammonia price sensitivity

Ammonia Price (USD/MT)	vs Base USD450/M	Net Profit (USDmn)	Net Profit '26F (USDmn)	% vs Base
400	-50	-9	55,3	-14%
420	-30	-5,4	58,9	-8%
430	-20	-3,6	60,7	-6%
450	0	0	64,3	Base
470	20	3,5	67,8	5%
480	30	5,3	69,6	8%
500	50	8,9	73,2	14%

Source: KBVS Research

Ammonia price sensitivity. We estimate every USD10/mt movement in blended ammonia realization translates to approximately USD1.8mn or 2.7% impact on ESSA's net profit '26F. The relatively contained earnings sensitivity reflects the cost pass-through dynamic inherent in ESSA's feedstock structure, and importantly underscores the resilience of our earnings forecasts even under a bear case scenario. At our base case of USD450/mt, we project '26F net profit of USD64.3mn; a downside scenario of USD400/mt would reduce earnings to USD55.3mn (-14% vs. base), while an upside of USD500/mt would lift net profit to USD73.2mn (+14% vs. base).

...every USD10/mt change in blended ammonia realization impacts ESSA's '26F net profit by USD1.8mn (±2.7%)...

Valuation

We initiate coverage on ESSA with a BUY rating and a target price of IDR940/share, implying 42,4% upside from the current share price of IDR660. Our target price is derived from a DCF valuation, using a WACC of 12.1% and a terminal growth rate of 1.5%. This implies a 26F P/E of 14.3x, after applying a 20% discount as a conservatism buffer reflecting the inherent volatility of ESSA's underlying commodity exposure (ammonia, LPG).

We believe the current share price does not yet fully reflect ESSA's improving earnings trajectory, its net cash balance sheet, and the stability afforded by its long-term contractual structure, and see the current price of IDR660 as an attractive entry point for investors seeking exposure to Indonesia's ammonia and LPG processing sector. Key risks to our thesis include exposure to ammonia and LPG price volatility.

Initiate BUY on ESSA with TP of IDR940/share implying '26F P/E of 14.3x

Exhibit 16: ESSA Discount Free Cash Flow Valuation

USD Thousand	2025	2026F	2027F	2028F	2029F	2030F
Free Cash Flow						
EBIT	70.779	109.089	103.919	93.310	95.489	96.085
EBIT x (1-t)	55.208	85.089	81.057	72.782	74.482	74.946
Depreciation	48.331	47.238	44.397	44.484	45.183	46.410
Chg in working capital	(16.735)	(12.690)	3.238	1.750	(258)	(591)
Chg in Investment	(3.234)	(10.322)	(9.723)	(9.308)	(12.711)	(12.799)
Free Cash Flow	83.570	109.315	118.968	109.708	106.696	107.967
Assumption						
Cost of Equity	12,1%					
WACC	12,1%					
Terminal growth	1,5%					
Terminal Value	1.034.397					
PV Of Free Cash Flow	398.678					
PV Of Terminal Value	584.482					
Less Net Debt	185					
Add Cash	168.884					
Equity Value (USD Thousand)	1.151.859					
USD/IDR	17.700					
Equity Value (IDR Bn)	20.388					
Discount	20%					
Equity Value Per Share	944					
Rounding	940					
Implied Valuation						
P/E 2026F	14,3x					
P/B 2026F	1,5x					
EV/EBITDA 2026F	5,9x					

Source: KBVS Research

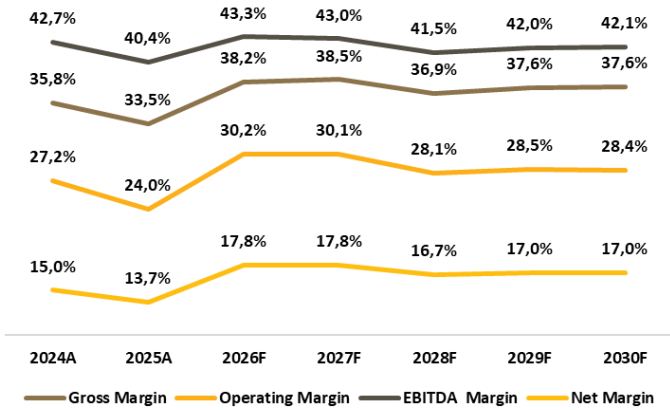
Exhibit 17: ESSA Peers Comparison

Company	Ticker	P/E		ROE		ROA	
		26F	27F	26F	27F	26F	27F
Ammonia							
Yara International	YAR NO	6,1x	9,3x	19,1%	12,2%	11,5%	7,1%
Nutrien	NTR US	10,9x	12,1x	10,6%	9,1%	5,4%	4,6%
BASF SE	BAS GR	17,8x	16,4x	6,5%	7,3%	4,8%	3,5%
Dyno Nobel	DNL AU	18,9x	14,2x	7,5%	8,3%	7,2%	7,9%
Chambal Fertilisers & Chemicals	CHMB IB	9,8x	9,2x	20,4%	18,1%	15,1%	15,0%
LNG							
Perusahaan Gas Negara	PGAS IJ	6,8x	6,8x	10,5%	10,7%	5%	5%
AKR Corporindo	AKRA IJ	9,0x	8,6x	20,8%	20,7%	7,4%	7,5%
Aneka Gas Industri	AGII IJ	74,4x	51,5x	2,9%	4,1%	1,3%	1,9%
Average		19,2x	16,0x	12,3%	11,3%	7,2%	6,5%
Median		10,4x	10,7x	10,6%	9,9%	6,3%	5,9%
ESSA Industries Indonesia	ESSA IJ	14,3x	15,0x	10,7%	10,6%	9,6%	9,5%

ESSA Trades Below Its Peer Average

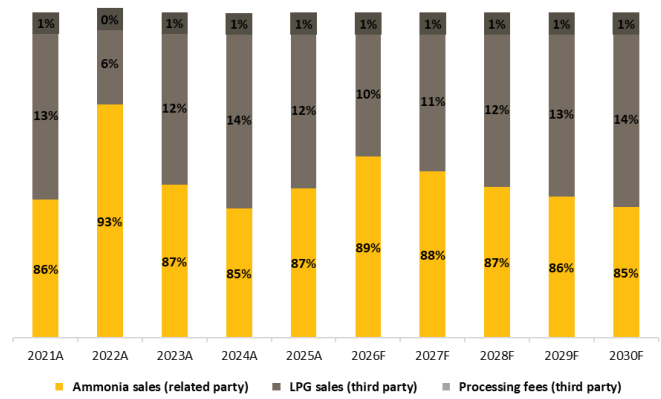
Source: Bloomberg, KBVS Research

Exhibit 18: Operational Margin (%)



Source: KBVS Research

Exhibit 19: Revenue Breakdown (%)



Source: KBVS Research

Exhibit 20: Forward P/E band



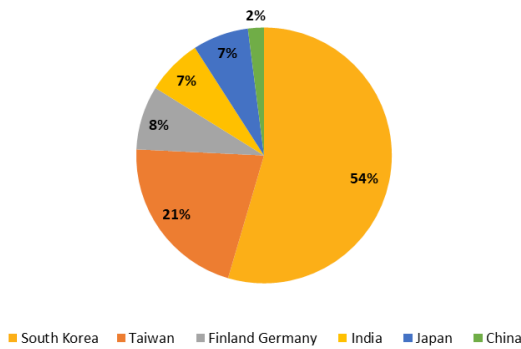
Source: KBVS Research

Exhibit 21: Forward EV/EBITDA band



Source: KBVS Research

Exhibit 22: ESSA Export Market 1Q26



Source: Company, KBVS Research

Exhibit 23: Profit & loss summary

Year End Dec (USD Thousand)	2024A	2025A	2026F	2027F	2028F
Revenue	301.402	295.015	361.126	344.897	332.260
COGS	(193.361)	(196.150)	(223.205)	(212.261)	(209.622)
Gross Profit	108.041	98.864	137.920	132.636	122.638
Operational Expenses	(26.031)	(28.086)	(28.831)	(28.717)	(29.328)
EBIT	82.010	70.779	109.089	103.919	93.310
Depreciation	46.617	48.473	47.238	44.397	44.484
EBITDA	128.627	119.252	156.326	148.316	137.794
Finance Expenses	(10.085)	(3.640)	(7)	(7)	(7)
Pre-tax profit	76.695	70.607	112.724	107.736	97.319
Tax Expenses	(16.207)	(15.541)	(24.810)	(23.712)	(21.420)
Non-Controlling Interest	15.307	14.776	23.590	22.546	20.366
Net profit	45.181	40.291	64.324	61.478	55.533

Source: Company, KBVS Research

Exhibit 24: Balance sheet

Year End Dec (USD Thousand)	2024A	2025A	2026F	2027F	2028F
Cash & equivalent	157.471	125.760	168.884	182.557	192.199
Accounts receivables	21.540	30.982	40.125	38.322	36.918
Inventories	28.411	37.121	42.241	40.169	39.670
Others	11.172	10.067	10.571	11.099	11.654
Total current assets	218.595	203.930	261.820	272.148	280.440
Fixed assets - Net	451.393	406.672	367.010	332.832	298.348
Intangible Assets – Net	-	5.319	8.712	8.895	8.915
Others	23.687	30.637	32.169	33.777	35.466
Total non-current assets	475.080	442.629	407.891	375.504	342.730
Total assets	693.676	646.558	669.711	647.652	623.170
ST borrowing	76.363	164	169	162	155
Accounts payable	9.991	11.407	12.980	12.344	12.190
Others	6.372	7.768	8.156	8.564	8.992
Total current liabilities	92.725	19.338	21.305	21.070	21.337
LT bank loan	16.194	15	16	15	15
Others non-current liabilities	30.881	43.558	45.736	48.023	50.424
Total non-current liabilities	47.074	43.574	45.752	48.038	50.439
Total liabilities	139.799	62.912	67.057	69.108	71.776
Shareholders equity	16.441	16.441	16.441	16.441	16.441
APIC	128.346	128.346	128.346	128.346	128.346
Retained Earnings	252.504	285.207	298.921	279.601	257.911
Other Equity	19.308	16.608	17.439	18.311	19.226
Non-Controlling Interest	137.278	137.044	141.507	135.846	129.471
Total Equity	553.876	583.646	602.654	578.544	551.395
Total Liabilities & Equity	693.676	646.558	669.711	647.652	623.170

Source: Company, KBVS Research

Exhibit 25: Cash flow

Year End Dec (USD Thousand)	2024A	2025A	2026F	2027F	2028F
Net profit	45.181	40.291	64.324	61.478	55.533
D&A	46.417	48.331	47.238	44.397	44.484
Changes in working capital	10.543	(16.735)	(12.690)	3.238	1.750
Others	40.669	2.501	(115)	(121)	(127)
Operating cash flow	142.810	74.388	98.757	108.992	101.640
Capital expenditures	(5.193)	(8.961)	(10.968)	(10.402)	(10.020)
Others	5.191	5.727	646	678	712
Investing cash flow	(2)	(3.234)	(10.322)	(9.723)	(9.308)
Changes in borrowings	(68.592)	(92.377)	6	(7)	(8)
Others	(5.496,1)	(10.271)	(50.610)	(80.799)	(77.223)
Financing cash flow	(9.453)	(2.934)	5.294	(4.789)	(5.459)
Net change in cash	(83.541)	(105.581)	(45.311)	(85.595)	(82.691)
Cash in beginning of the year	59.267	(34.427)	43.124	13.673	9.641
Cash at the end of the year	98.204	157.471	125.760	168.884	182.557

Source: Company, KBVS Research

Exhibit 26: Ratio analysis

Year End Dec	2024A	2025A	2026F	2027F	2028F
Growth					
Revenue	-13%	-2%	22%	-4%	-4%
Gross profit	5%	-8%	40%	-4%	-8%
Operating profit	6%	-14%	54%	-5%	-10%
EBITDA	4%	-7%	31%	-5%	-7%
Net profit	31%	-11%	60%	-4%	-10%
Profitability					
Gross margin	35,8%	33,5%	38,2%	38,5%	36,9%
Operating margin	27,2%	24,0%	30,2%	30,1%	28,1%
EBITDA margin	42,7%	40,4%	43,3%	43,0%	41,5%
Net margin	15,0%	13,7%	17,8%	17,8%	16,7%
ROAA	7,0%	6,2%	9,9%	9,5%	8,6%
ROAE	8,0%	7,1%	11,3%	10,8%	9,8%
Solvency (x)					
Current ratio	2,4x	10,5x	12,3x	12,9x	13,1x
Quick ratio	2,1x	8,6x	10,3x	11,0x	11,3x
Debt to equity	0,2x	0,0x	0,0x	0,0x	0,0x
Interest coverage	8,1x	19,4x	15472,1x	14274,0x	13350,9x
Net gearing	-0,1x	-0,2x	-0,3x	-0,3x	-0,3x

Source: Company, KBVS Research

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