

Jonathan Mardjukijonathan.mardjuki@cls.com
+62 21 5088 7815**Aimee Garibaldi**

+62 21 5088 7837

12 November 2021

**Indonesia
Transport**Reuters ASSA.JK
Bloomberg ASSA IJPriced on 11 November 2021
Jakarta Comp @ 6,691.3

12M hi/lo Rp3,970/515

12M price target Rp4,450
±% potential +31%Shares in issue 3.6m
Free float (est.) 35.7%

Market cap US\$950m

3M ADV US\$3.7m

Foreign s'hlding 10.0%

Major shareholders

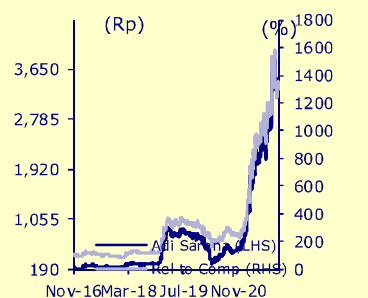
Adi Dinamika Investindo 24.0%

Blended ESG Score (%)*Overall 64.2
Country average 55.1
GEM sector average 73.6

*Click to visit company page on cls.com for details

Stock performance (%)

	1M	3M	12M
Absolute	(11.0)	22.4	558.3
Relative	(14.1)	11.4	984.0
Abs (US\$)	(11.2)	23.5	548.6



Source: Bloomberg

Enjoy the ride**Anteraja e-logistics opportunity; initiating coverage at BUY**

Indonesian ecommerce growth has opened up e-logistics opportunities. Owned by Adi Sarana Armada (ASSA), Anteraja is one of the market's top-five players. Our visit to Anteraja's e-fulfilment centre allowed us to observe the logistics process from inbound to outbound and helped us understand the importance of warehousing in light of rising same-day service demand during the pandemic. Anteraja has been ASSA's largest sales driver. Profitability may be the next milestone. We initiate ASSA coverage at BUY with an Rp4,450 target price.

Indonesia e-logistics and Anteraja

The e-logistics sector is in a hyper-growth stage, with big-player services such as J&T Express, JNE Express, SiCepat Ekspres and Anteraja. Established in 2019, Anteraja is one of ASSA's successful ventures, working in the last-mile space. Anteraja delivers 800-850k parcels per day putting it in the market's top five. It has a hybrid business model that combines the convenience of a pickup model and the flexibility of delivery timeframes of less than one day and more than one day.

Onsite visit to e-fulfilment centre

Our visit to Anteraja's e-fulfilment centre showed us how the business runs on the ground. We saw how the warehouse operates, from inbound (where sellers' products enter the centre) to product-handling (storing and storage) to outbound (ordered goods picked, packed and loaded for delivery to end-customers). The e-fulfilment centre should accelerate the logistics process, given higher demand for same-day services during the pandemic.

Profitability path

Revenue has grown exponentially in the past two years. Profitability may be the next critical factor for e-logistics companies such as Anteraja. Anteraja is still operating at a loss, although the Ebit gap has narrowed from -Rp110bn in 9M20 to -Rp68bn in 9M21. With management's plans to reach 1m parcel deliveries per day in 2021 and 1.5m in 2022, profitability may be achieved next year.

Initiating coverage at BUY

ASSA's other businesses include vehicle and driver leasing, online car sharing and used-car auctions. We believe Anteraja will remain ASSA's strongest growth driver, with 185% and 65% YoY sales growth in 2021 and 2022. We initiate coverage at BUY. Our target price is based on a combination of PS (Anteraja) and PE (ASSA ex-Anteraja), with target multiples of 5x and 55x.

Financials

Year to 31 December	19A	20A	21CL	22CL	23CL
Revenue (Rpbn)	2,334	3,037	4,548	6,139	7,733
Net profit (Rpbn)	110	87	142	256	351
EPS (Rp)	32.50	25.65	40.84	71.86	98.74
CL/consensus (2) (EPS%)	-	-	72	70	65
EPS growth (% YoY)	(23.1)	(21.1)	59.2	76.0	37.4
PE (x)	104.3	132.2	83.0	47.2	34.3
Dividend yield (%)	0.0	0.0	0.0	0.2	0.4
FCF yield (%)	(5.9)	(1.4)	(0.8)	(0.6)	(0.5)
PB (x)	9.7	9.0	8.5	7.3	6.2
ROE (%)	9.7	7.0	10.5	16.6	19.5
Net debt/equity (%)	198.5	194.2	178.4	157.3	136.8

Source: www.cls.com

Financials at a glance

Year to 31 December	2019A	2020A	2021CL	(% YoY)	2022CL	2023CL
Profit & Loss (Rpbn)						
Revenue	2,334	3,037	4,548	49.7	6,139	7,733
Cogs (ex-D&A)	(1,482)	(2,085)	(3,482)		(4,835)	(6,118)
Gross Profit (ex-D&A)	852	952	1,065	11.9	1,304	1,615
SG&A and other expenses	(414)	(492)	(489)		(627)	(763)
Op Ebitda	438	460	576	25.4	677	851
Depreciation/amortisation	(108)	(162)	(172)		(181)	(191)
Op Ebit	330	298	405	35.9	495	660
Net interest inc/(exp)	(229)	(242)	(254)		(247)	(239)
Other non-Op items	19	15	18	21.7	18	18
Profit before tax	120	71	168	137.4	266	439
Taxation	(29)	(7)	(40)		(26)	(105)
Profit after tax	92	64	128	100.4	240	334
Minority interest	19	23	14	(40)	15	17
Net profit	110	87	142	62.9	256	351
Adjusted profit	110	87	142	62.9	256	351
Cashflow (Rpbn)						
Operating profit	330	298	405	35.9	495	660
Depreciation/amortisation	108	162	172	6	181	191
Working capital changes	(99)	132	57	(57.3)	(50)	(121)
Other items	(395)	(425)	(394)		(372)	(467)
Net operating cashflow	(55)	167	239	42.9	254	263
Capital expenditure	(620)	(334)	(328)		(328)	(328)
Free cashflow	(675)	(167)	(89)		(73)	(65)
M&A/Others	53	50	41	(17.7)	42	43
Net investing cashflow	(567)	(284)	(287)		(286)	(285)
Increase in loans	560	40	291	625.6	-	-
Dividends	0	0	0		(28)	(51)
Net equity raised/other	89	14	14	(0.5)	15	17
Net financing cashflow	649	54	305	463.4	(13)	(34)
Incr/(decr) in net cash	27	(63)	257		(45)	(56)
Exch rate movements	-	-	-		-	-
Balance sheet (Rpbn)						
Cash & equivalents	255	192	449	134.2	405	348
Accounts receivable	299	355	462	30	708	997
Other current assets	47	45	59	31.7	80	101
Fixed assets	3,894	4,060	4,216	3.8	4,363	4,499
Investments	31	37	37	0	37	37
Intangible assets	134	136	136	0	136	136
Other non-current assets	190	346	498	43.9	683	890
Total assets	4,849	5,171	5,857	13.3	6,411	7,008
Short-term debt	847	900	392	(56.4)	392	392
Accounts payable	207	253	320	26.9	412	484
Other current liabs	187	285	385	35.2	528	664
Long-term debt/CBs	2,064	2,087	2,903	39.1	2,903	2,903
Provisions/other LT liabs	207	208	262	26	337	410
Shareholder funds	1,192	1,284	1,426	11.1	1,653	1,953
Minorities/other equity	146	156	170	9	185	202
Total liabs & equity	4,849	5,171	5,857	13.3	6,411	7,008
Ratio analysis						
Revenue growth (% YoY)	25.1	30.1	49.7		35.0	26.0
Ebitda margin (%)	18.8	15.1	12.7		11.0	11.0
Ebit margin (%)	14.1	9.8	8.9		8.1	8.5
Net profit growth (%)	(23.1)	(21.1)	62.9		80.0	37.4
Op cashflow growth (% YoY)	(111.0)	nm	42.9		6.3	3.3
Capex/sales (%)	26.6	11.0	7.2		5.3	4.2
Net debt/equity (%)	198.5	194.2	178.4		157.3	136.8
Net debt/Ebitda (x)	6.1	6.1	4.9		4.3	3.5
ROE (%)	9.7	7.0	10.5		16.6	19.5
ROIC (%)	6.6	6.3	6.8		9.2	9.6

Source: www.clsa.com

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Enjoy the ride

We have seen unprecedented growth of ecommerce in the past two years, as consumers flock to online platforms for shopping needs, induced by a wide range of product and service offerings. Giants such as Tokopedia and Shopee have dominated the space, yet there was a spotlight on the IPO for Bukalapak, another Indonesian home-grown ecommerce player. This has paved the way for another exciting sector, e-logistics.

In our *Indonesia logistics (E-logistics boom)* note, we described the hyper-growth of the e-logistics sector, spurring new players into the market. Based on the e-logistics roadmap, there are four main verticals: in-house logistics, e-logistics & 4PL, legacy 3PL, and tech 3PL. In-house logistics include some of the ecommerce players' own services, such as Shopee Xpress, JX and Bilibili Express.

Other verticals such as 4PLs are also expanding, with companies and services such as Kargo Global (*Indonesia logistics (Kargo ride)*), Waresix, Shipper Indonesia and Trukita. Legacy 3PL is crowded with incumbents such as J&T Express, JNE and SiCepat (*Indonesia logistics (Beyond logistics)*). The tech 3PL is the latest, with significant potential.

Here, we wanted to focus on Anteraja, a tech 3PL player owned by ASSA.

Figure 1



Source: Tech in Asia

Anteraja profile

Anteraja is one of ASSA's successful ventures, working in the last-mile space. It was established in 2019. What differentiates Anteraja from the other 3PL players is its business model. Unlike some other traditional players, Anteraja adopts a hybrid model that combines traditional and technology-based delivery.

Traditional logistics companies are franchise-based (ie, physical branches, dropoff model and collection-to-point delivery), whereas technology-based companies use a pickup model, with point-to-point delivery in less than one day. Anteraja sits between the two, combining the convenience of pickup model and the flexibility of delivery timeframes of less than one day and more than one day.

E-logistics is in a boom era

Anteraja is a top-five players in Indonesia's logistics space

In addition to Anteraja, the last-mile space includes SiCepat, J&T Express, JNE, Ninja Express and Mr Speedy, among others. Market share is currently gauged based on parcel volume, with J&T reportedly leading the pack. SiCepat, Anteraja and Ninja follow in the top five. JNE does not disclose its parcel delivery volume, but it is reportedly sizeable.

Figure 2

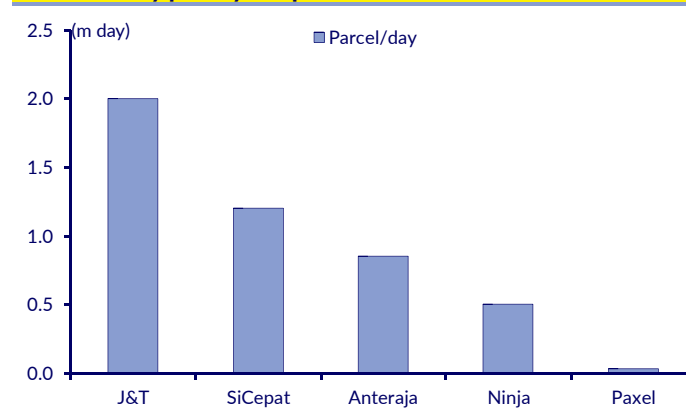
Last-mile competitive landscape (couriers)



Source: companies

Figure 3

Parcel delivery per day comparison



Source: companies

Same-day, next-day and regular are the typical logistics services

Same-day delivery has been gaining traction

Types of services

In logistics, we can typically categorise services as same-day, next-day, regular, express, economic, cargo and international. SiCepat and Tiki have the most comprehensive service offerings, followed by JNE and Ninja Express.

Anteraja focuses on three services types: same-day, next-day and regular. Most of its parcel volume still comes from regular service (1-2 days for greater Jakarta and 2-9 days for nationwide) via ecommerce platforms. Its fastest delivery service is same-day, with a service level agreement of eight hours for selected cities.

Same-day delivery service has been gaining traction, especially during the pandemic, with consumers demanding faster delivery. Hence, it makes sense for logistics players such as Anteraja to invest in e-fulfilment centres. This led us to our on-the-ground observation to Anteraja's fulfilment centre, Titipaja.

Figure 4

Service offerings by Anteraja and peers (Green: available, red: unavailable)

	Same day	Next day	Regular	Express	Economic	Cargo	International
AnterAja	Green	Green	Green	Red	Red	Red	Red
Ninja Express	Green	Green	Green	Green	Red	Red	Red
SiCepat	Green	Green	Green	Green	Red	Green	Green
JNE	Red	Green	Green	Green	Green	Red	Green
J&T	Red	Red	Green	Green	Green	Red	Red
TIKI	Green	Green	Green	Red	Green	Green	Green

Source: companies

Our visit to the fulfilment centre showed us how the business runs

The warehouse is in North Jakarta

Site visit to e-fulfilment centre

We visited a Titipaja e-fulfilment centre in Pluit, North Jakarta. Titipaja is a sister company of Anteraja; it offers shared warehouse services, order management, product Q&A and customer service for online sellers. As Anteraja's new initiative, Titipaja has quickly expanded its network with six outlets in major cities such as Jakarta, Medan, Bandung and Surabaya.

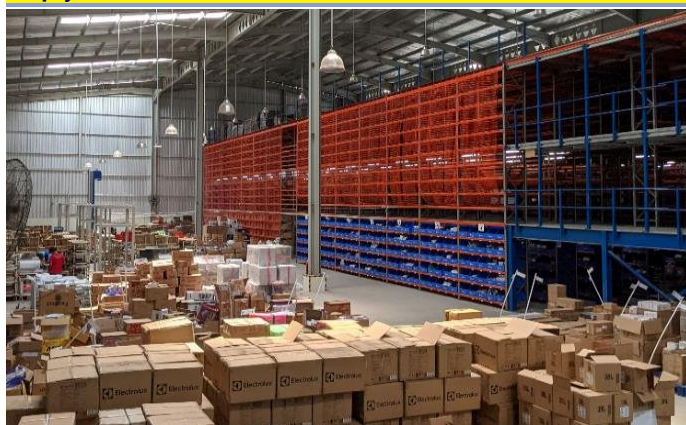
The centre we visited is the company's second fulfilment outlet in Jakarta after Pancoran (South Jakarta), operating under a rental scheme. The outlet has run for about two months with a size of about 3,000sqm (about 2m parcels capacity) and occupancy of about 20%.

Titipaja acts as a value-add to most of Anteraja's existing customers. Unlike a traditional distribution centre that typically only houses products in bulk and operates via a B2B model, the fulfilment centre provides extra services down to minute details by breaking down bulk shipments into single items and fulfilling the whole process, from sellers to end-customers, in a single trip.

Titipaja collaborates with various 3PL partners other than Anteraja (ie, Grab, Gojek, SiCepat, etc) to give customers the flexibility of choosing instant or other logistics services according to available promotions. Most of its customers are from ecommerce (90%) and the rest serve B2B customers.

Figure 5

Titipaja e-fulfilment centre in North Jakarta



Source: CLSA

Figure 6

Jonathan and Aimee (CLSA) and management



Source: CLSA

The process starts with inbound

Inbound activities tend to pick up prior to online shopping events

How does Titipaja run?

The process starts with inbound, with sellers' products entering the fulfilment centre. Sellers typically need to schedule appointments with Titipaja for inbound and are required to deliver goods within 2-3 days. Delivery modes can be using sellers' in-house logistics fleets (their own trucks) or 3PL, including ASSA Logistics fleets. ASSA Logistics provides three fleets options: blind vans, light trucks and heavy trucks.

Inbound activity is rather seasonal. Based on our discussion with the warehouse manager, activity is increasingly hectic approaching the shopping campaigns such as Harbolnas and 11/11. Inbound activity reportedly picks up as much as two weeks before festive events. Thus, management often advises sellers to schedule inbound services a month before the event, to ensure inventory slots in the warehouse.

Warehouse managers reported increased inbound business from ecommerce platforms such as Tokopedia and Shopee

Other inbound processes include quality control: Employees check products according to the quality control form to ensure accurate quantity and quality according to product descriptions. The manager said the defect rate for the Titipaja warehouse is less than 3%.

Titipaja has reportedly seen increased inbound traction from ecommerce platforms, with Tokopedia and Shopee being particularly active. Inbound activity is still mostly concentrated in greater Jakarta, which has high volume, yet management sees high growth potential from ex-Java areas such as Medan in North Sumatra.

Figure 7

Titipaja inbound gates



Source: CLSA

Figure 8

Titipaja network across Indonesia



Source: ASSA

Product handling is the next step

Product handling comes after the inbound process, which involves sorting and storage. Products from sellers come in bulk (boxes) and are then broken down into individual SKUs across different categories. Each Titipaja box (figure 10) usually carries one SKU. Bar codes are used to locate products and count inventories.

Figure 9

Product storing and storage (1)



Source: CLSA

Figure 10

Product storing and storage (2)



Source: CLSA

The final step is outbound

Outbound is the process in which ordered goods are picked, packed and loaded for delivery

The final step, outbound is the process in which ordered goods are picked, packed and loaded for delivery to end-customers. Each step is entered into the warehouse's order management system to ensure real-time inventory visibility. Delivery logistics are not limited to Anteraja's courier, as this depends on customer preference when shopping online.

The company has reportedly observed better demand for fast-moving consumer goods (FMCG) products, mostly pandemic-driven and aligned with the trend toward e-groceries. This has led to faster overall inventory turnover to less than 30 days.

Looking at prospects for FMCG demand, management is currently building cold storage in the fulfilment centre to cater to frozen and fresh products: a frozen room and a chilled room for products such as fresh milk.

The next development for the facility reportedly will be automation to improve efficiency and reduce sorting time from an average 2.5 minutes to 1.75 minutes per order. The outbound system is designed to prioritise same-day orders (via colour-coded boxes). Same-day orders can be delivered to customers within three hours at the fastest, with a cutoff order time of 3pm.

The warehouse has normal operational hours of 7am to 11pm; during peak shopping season, this can be extended to 3am. There are two shifts in Titipaja's warehouse, with 50 employees on each shift. Once the warehouse is running at full capacity, a third shift will be added.

In terms of health and safety protocols, all employees in the warehouse are required to wear masks, knee-length pants with limited pockets. There are multiple closed-circuit televisions in the building.

Figure 11

Outbound activity

Source: CLSA

Figure 12

Parcels packed and ready to be delivered

Source: CLSA

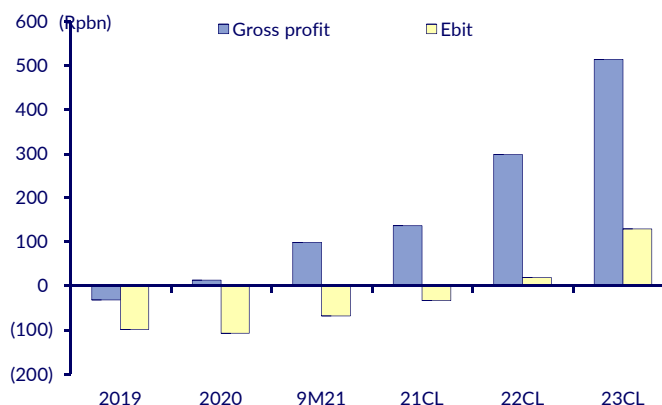
Profitability may be the next milestone for Anteraja

Road to profitability

The next critical factor for Anteraja may be its profitability path, which may be achievable after reaching a certain scale. Since launching in 2019, Anteraja has operated at a loss, although the gap has narrowed from -Rp110bn of Ebit in 9M20 to -Rp68bn in 9M21. Management hopes to reach profitability by year-end, with rapid growth in parcel delivery. We forecast Anteraja to turn Ebit-positive in 2022 with Rp20bn and Rp130bn in 2023.

Figure 13

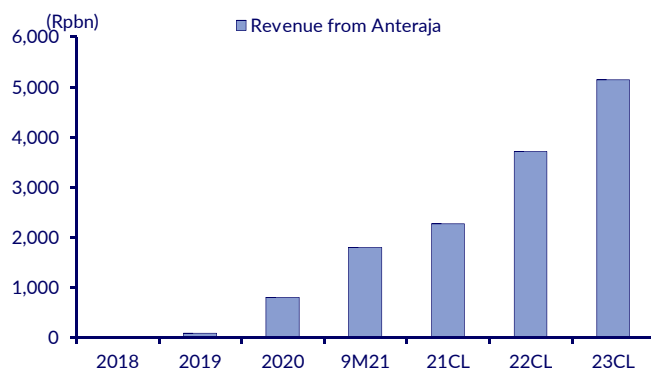
Anteraja gross profit and Ebit



Source: ASSA, CLSA

Figure 14

Anteraja revenue



Source: ASSA, CLSA

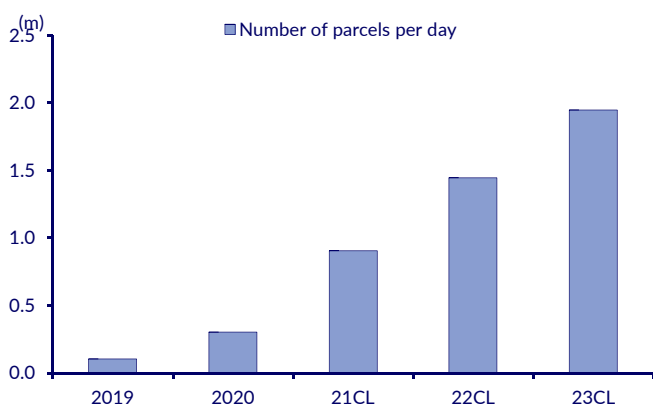
Parcel delivery growth should lead to strong sales

Strong growth in parcel volume has been ASSA's main revenue driver. Anteraja's parcel delivery reached the internal target of 850k per day in September and management expects 1m by 2021 (up 230% YoY), 1.5m in 2022 (up 50% YoY) and 2m in 2023 (up 30% YoY). We forecast 900k, 1.4m and 1.9m in 2021/22/23.

Anteraja's revenue has grown exponentially (up 270% YoY in 9M21) and we expect it to reach Rp2.2tn in 2021 (up 185%), Rp3.7tn in 2022 (up 65%) and Rp5.1tn in 2023 (up 40%). Anteraja is already ASSA's largest revenue driver since 2Q21 (52%).

Figure 15

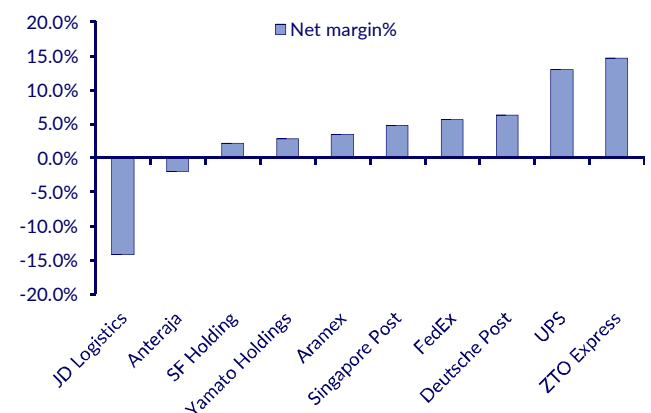
Anteraja number of parcel per day



Source: ASSA, CLSA

Figure 16

Net margin comparison across regional players



Source: companies

We believe Anteraja will remain the company's main growth driver

ASSA overall business

ASSA owns a number of other businesses, including vehicle and driver leasing (ASSA Rent and ASSA Driver Services), online car sharing (Share Car), a used car auction business (JBA), an O2O used car dealer business (Caroline), and a price engine and listing business (Cartalog).

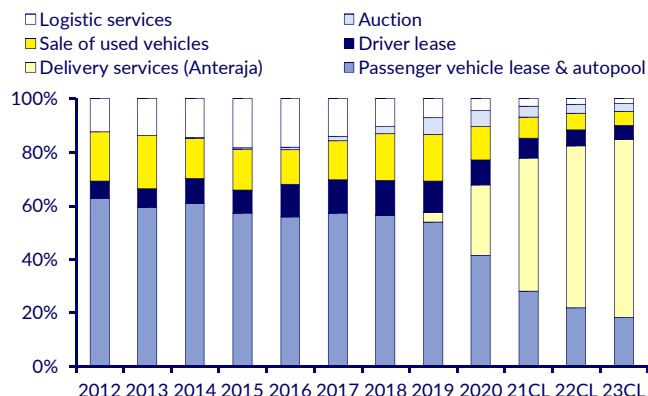
We believe Anteraja will remain the ASSA business with the strongest growth potential. Excluding Anteraja, ASSA YoY revenue was flat in 2020 at Rp2.2tn; we forecast single-digit YoY growth for the next three years.

The auction business could also generate excitement, especially following the 2019 JBA acquisition. JBA is an online/offline automotive auction that sells both two-wheelers and four-wheelers in major Indonesia cities via online and offline auction systems. ASSA owns 18 JBA branches across Indonesia, with 40% market share.

Overall, we forecast ASSA revenue to grow 50% and 35% YoY in 2021 and 2022 and for profit to grow 63% and 80% YoY in 2021 and 2022.

Figure 17

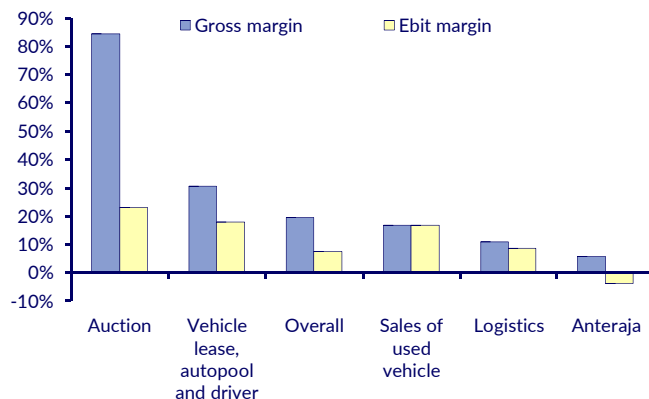
ASSA revenue breakdown



Source: ASSA, CLSA

Figure 18

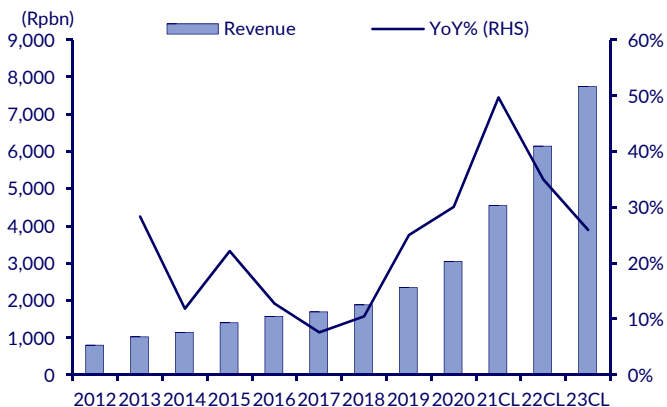
Gross and Ebit margin comparison across business



Source: ASSA

Figure 19

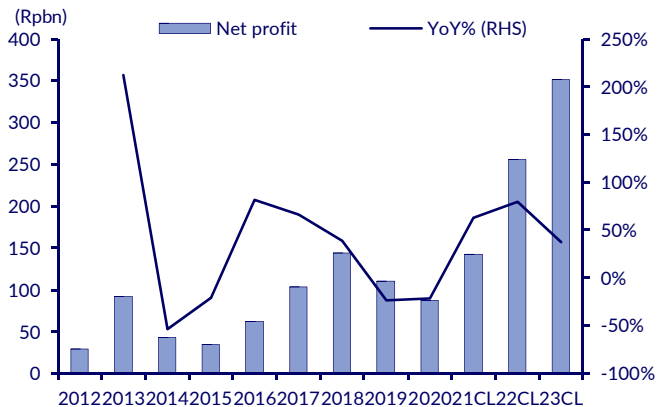
ASSA overall revenue



Source: ASSA, CLSA

Figure 20

ASSA overall NPAT



Source: ASSA, CLSA

Valuation

We use two valuation metrics for ASSA: price to sales for Anteraja and price to earnings for ASSA excluding Anteraja. We think price to sales is a good benchmark for Anteraja since the logistics arm is still operating at a loss and may take time to reach profitability.

Based on the numbers, price to sales for Anteraja is 3.3x in 22CL; we apply a 5x multiple target, as we believe Anteraja will be the main company's sales growth driver going forward.

Price to earnings is applied to ASSA's other businesses, which trade at 52.2x in 22CL. We apply a more conservative multiple of 55x to the other business, since growth has been more or less stagnant during the pandemic. Based on the two-valuation method, we derive a BUY rating and an Rp4,450 target price, 31% upside from the current share price.

Figure 21

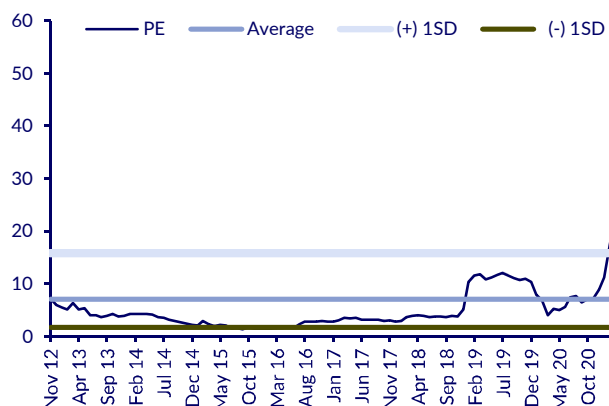
ASSA valuation methodology												
Price to sales	2012	2013	2014	2015	2016	2017	2018	2019	2020	21CL	22CL	23CL
Sales from Anteraja (Rpbn)	-	-	-	-	-	-	1	84	795	2,265	3,715	5,140
Sales per share from Anteraja (Rp/share)	-	-	-	-	-	-	0	25	234	637	1,044	1,445
Price to sales Anteraja (x)							8,336.7	136.5	14.5	5.3	3.2	2.3
Price to earnings	2012	2013	2014	2015	2016	2017	2018	2019	2020	21CL	22CL	23CL
Earnings excluding Anteraja (Rpbn)	29	92	43	34	62	103	144	212	190	187	237	300
Earnings per share excluding Anteraja (Rp/share)	8.7	27.1	12.6	10.1	18.3	30.4	42.2	62.3	56.1	52.7	66.6	84.3
Price to earnings excluding Anteraja (x)	391.1	125.1	268.0	337.3	185.4	111.6	80.3	54.4	60.5	64.4	50.9	40.2
Price to sales Anteraja												
Current price (Rp/share)	3,390											
Sales per share 22CL (Rp/share)	1,044											
Price to sales 22CL (x)	3.2	Note										
Multiple target (x)	5.0	We apply a 5x multiple (50% higher) as we believe prospect of Anteraja in the near future with strong growth trajectory										
Target price (Rp/share)	5,222											
Price to earnings ASSA ex-Anteraja												
Current price (Rp/share)	3,390											
Earnings per share 22CL (Rp/share)	66.6											
Price to earnings 22CL (x)	50.9	Note										
Multiple target (x)	55.0	We apply a conservative 55x multiple (7% higher) for ASSA's other businesses										
Target price (Rp/share)	3,668											
Average target price combined (Rp/share)	4,450											
Current price (Rp/share)	3,490											
Upside (%)	31%											

Source: ASSA, CLSA

We use two historical prices to indicate how ASSA/Anteraja is trading: 2022 forward PE and forward PS. The PE valuation seems to be on the higher end, given that ASSA's share price have rallied since late last year due to the ecommerce pandemic boom. Similarly, Anteraja's PS is also above the historical standard deviation, as the business is still new. This should improve once it tracks more historical movement of the stocks. We also provide a comparison table with regional players to show different metrics in terms of PE, PS, net profit and ROEs.

Figure 22

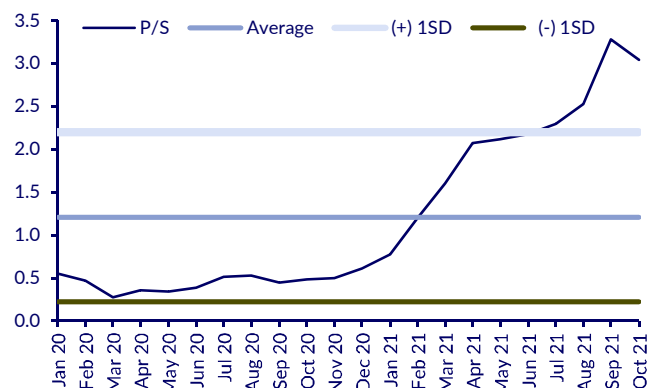
ASSA PE



Source: ASSA, CLSA

Figure 23

Anteraja PS



Source: ASSA, CLSA

Figure 24

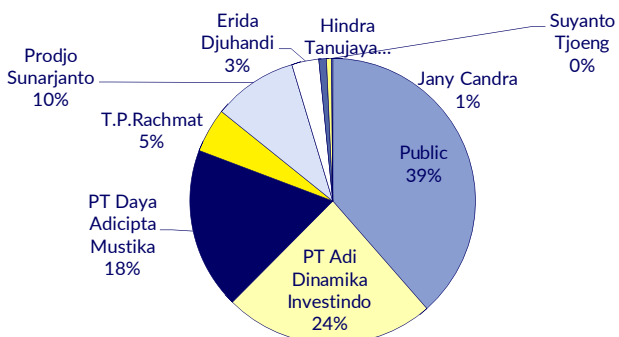
Regional peer comparison

Company	Code	Market cap (US\$bn)	PE		Price to sales		EPS growth%		Net profit (US\$m)		ROE (%)
			2021	2022	2021	2022	FY21	FY22	FY21	FY22	
ASSA	ASSA IJ	1.0	83.2	46.2	2.6	1.9	63%	80%	10	18	11.9
JD Logistics	2618 HK	26.0	-	-	-	-	-	-	(2,307)	(260)	(38.9)
SF Holding	002352 CH	42.3	69.4	36.2	1.5	1.5	(40%)	84%	637	1,170	6.3
FedEx	FDX US	66.3	13.7	12.6	0.8	0.8	(10%)	10%	4,695	5,145	20.9
Deutsche Post	DPW GY	80.8	14.1	13.9	0.9	0.9	69%	1%	5,742	5,789	31.9
Aramex	ARMX UH	1.7	26.2	16.9	1.0	1.0	(19%)	74%	59	102	9.6
UPS	UPS US	182.5	18.1	17.4	1.9	1.9	831%	(15%)	12,501	10,624	156.2
ZTO Express	ZTO US	23.0	30.9	24.5	5.1	5.1	14%	30%	716	927	9.2
Yamato Holdings	9064 JT	9.5	22.4	18.2	0.6	0.6	(20%)	16%	429	497	9.6
Singapore Post	SPOST SP	1.1	25.2	21.3	1.1	1.1	41%	14%	49	56	5.0
Average			43.4	30.3	1.5	1.5					

Source: Bloomberg (as of 10 November 2021)

Figure 25

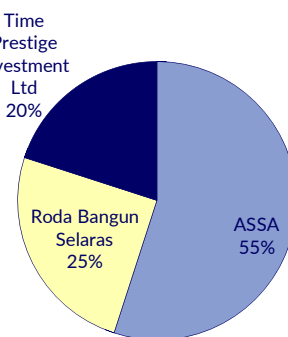
ASSA's shareholders composition



Source: ASSA

Figure 26

Anteraja ownership



Source: ASSA

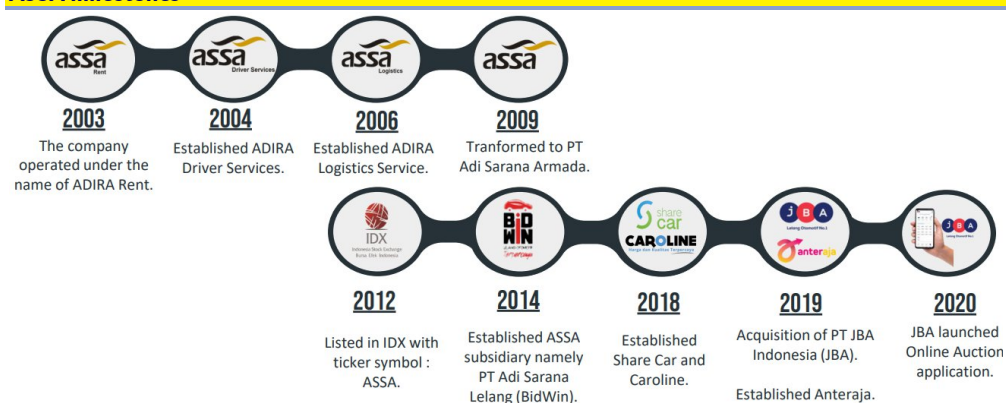
Figure 27

ASSA's board of commissioners and board of directors

BOARD OF COMMISSIONERS			BOARD OF DIRECTORS			
						
Erida Djuhandi President Commissioner	Hertanto Mangkusasono Commissioner	Lindawati Gani Independent Commissioner	Prodjo Sunarjanto President Director	Hindra Tanujaya Finance Director	Jany Candra Operational Director	Suyanto Tjoeng Business Dev. Director
She has worked in many fields in various industries, including Directors' role. Currently also serves in several BoC and BoD position in several companies under Triputra Group.	Previously worked in Astra Graphia Group. Currently also serves in BoC position in several companies under Triputra Group.	Also served as an academician in the university and a member of several associations such as IAI. She also serves in BoC and Audit Committee in several companies.	Previously served as BoC and BoD position in Astra International Group. Currently he is also a lecturer at the university.	Experienced in several financial and operational positions in Astra International Group.	Experienced in operational and business development positions in subsidiary company of Astra International.	Experienced in several IT operations and business development positions in Astra Graphia and Triputra Group.

Source: ASSA

Figure 28

ASSA milestones

Source: ASSA

Figure 29

Earnings and balance-sheet risk scores

Earnings quality flags	Flags	Balance sheet quality flags	Flags
Rising AR days	0	Low and falling debt-servicing cover	0
Rising inventory days	0	Low and falling cash ratio	0
Negative operating cashflow	0	Frequent equity dilution	0
Negative FCF	1	Debt-funded dividends and buybacks	
Capex > net PPE change	1	High and rising financial leverage	0
Capex > sales Cagr (3Y cagr)	0	High and rising net gearing	0
Rising intangibles	0	Negative operating cashflow	0
Rising non-operating income	0	Negative FCF	1
Falling depreciation rate	0	Rising AR + inventory days	0
Accruals: (Net Inc - OpCF) / Sales	0	Low and falling ROE	1
Rising working capital	0	Liquidity concerns	0
Cash burn	1	Frequent fundraising	0
Capex indiscipline	1	Excessive leverage	0
Rising non-core or intangibles	0	Cash burn	1
Poor cash conversion	0	Operational stress	1
EQRS	2/5	BQRS	2/5
Risk score proportion (%)	40.0	Risk score proportion (%)	40.0

Source: CLSA

Valuation details

Our target price is based on a combination of PS (Anteraja) and PE (ASSA ex-Anteraja), with target multiples of 5x and 55x.

Investment risks

Logistics companies tend to have a simple business model that can be replicated by others, especially those with plenty of capital. Increased competition could lead to a price war, which could delay profitability achievements across the sector. An e-commerce slowdown is another risk.

Detailed financials

Profit & Loss (Rpbn)

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Revenue	1,690	1,867	2,334	3,037	4,548	6,139	7,733
Cogs (ex-D&A)	(1,026)	(1,176)	(1,482)	(2,085)	(3,482)	(4,835)	(6,118)
Gross Profit (ex-D&A)	663	691	852	952	1,065	1,304	1,615
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	(221)	(257)	(414)	(492)	(489)	(627)	(763)
Other Op Expenses ex-D&A	-	-	-	-	-	-	-
Op Ebitda	442	434	438	460	576	677	851
Depreciation/amortisation	(147)	(89)	(108)	(162)	(172)	(181)	(191)
Op Ebit	296	345	330	298	405	495	660
Interest income	1	5	15	12	9	9	8
Interest expense	(176)	(178)	(244)	(254)	(264)	(255)	(247)
Net interest inc/(exp)	(175)	(173)	(229)	(242)	(254)	(247)	(239)
Associates/investments	-	-	(1)	(3)	-	-	-
Forex/other income	0	0	(1)	1	-	-	-
Asset sales/other cash items	17	12	21	17	18	18	18
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	138	183	120	71	168	266	439
Taxation	(35)	(41)	(29)	(7)	(40)	(26)	(105)
Profit after tax	103	142	92	64	128	240	334
Preference dividends	-	-	-	-	-	-	-
Profit for period	103	142	92	64	128	240	334
Minority interest	0	1	19	23	14	15	17
Net profit	103	144	110	87	142	256	351
Extraordinaries/others	0	0	0	0	0	0	0
Profit avail to ordinary shares	103	144	110	87	142	256	351
Dividends	0	0	0	0	0	0	0
Retained profit	103	144	110	87	142	256	351
Adjusted profit	103	144	110	87	142	256	351
EPS (Rp)	30.4	42.2	32.5	25.7	40.8	71.9	98.7
Adj EPS [pre excep] (Rp)	30.4	42.2	32.5	25.7	40.8	71.9	98.7
Core EPS (Rp)	30.4	42.2	32.5	25.7	40.8	71.9	98.7
DPS (Rp)	7.0	12.0	0.0	0.0	0.0	8.0	14.4

Profit & loss ratios

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Growth (%)							
Revenue growth (% YoY)	7.6	10.5	25.1	30.1	49.7	35.0	26.0
Ebitda growth (% YoY)	12.8	(1.9)	0.9	5.0	25.4	17.4	25.8
Ebit growth (% YoY)	15.5	16.7	(4.4)	(9.7)	35.9	22.3	33.3
Net profit growth (%)	66.1	39.1	(23.1)	(21.1)	62.9	80.0	37.4
EPS growth (% YoY)	66.1	39.1	(23.1)	(21.1)	59.2	76.0	37.4
Adj EPS growth (% YoY)	66.1	39.1	(23.1)	(21.1)	59.2	76.0	37.4
DPS growth (% YoY)	75.0	71.4	(100.0)	-	-	-	80.0
Core EPS growth (% YoY)	66.1	39.1	(23.1)	(21.1)	59.2	76.0	37.4
Margins (%)							
Gross margin (%)	39.3	37.0	36.5	31.3	23.4	21.2	20.9
Ebitda margin (%)	26.2	23.2	18.8	15.1	12.7	11.0	11.0
Ebit margin (%)	17.5	18.5	14.1	9.8	8.9	8.1	8.5
Net profit margin (%)	6.1	7.7	4.7	2.9	3.1	4.2	4.5
Core profit margin	6.1	7.7	4.7	2.9	3.1	4.2	4.5
Op cashflow margin	9.0	27.0	(2.4)	5.5	5.3	4.1	3.4
Returns (%)							
ROE (%)	10.9	13.9	9.7	7.0	10.5	16.6	19.5
ROA (%)	7.0	7.3	5.6	5.4	5.6	7.3	7.5
ROIC (%)	7.5	8.3	6.6	6.3	6.8	9.2	9.6
ROCE (%)	10.6	11.3	9.2	7.3	9.4	11.0	13.7
Other key ratios (%)							
Effective tax rate (%)	25.4	22.4	23.9	9.8	23.9	9.8	23.9
Ebitda/net int exp (x)	2.5	2.5	1.9	1.9	2.3	2.7	3.6
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	23.0	28.4	0.0	0.0	0.0	11.1	14.6

Source: www.clsa.com

Balance sheet (Rpbn)

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Cash & equivalents	85	228	255	192	449	405	348
Accounts receivable	212	224	299	355	462	708	997
Inventories	27	42	25	6	9	13	16
Other current assets	4	15	22	39	50	67	85
Current assets	328	508	600	592	970	1,192	1,446
Fixed assets	2,765	3,412	3,894	4,060	4,216	4,363	4,499
Investments	1	1	31	37	37	37	37
Goodwill	0	0	33	33	33	33	33
Other intangible assets	6	9	102	103	103	103	103
Other non-current assets	209	133	190	346	498	683	890
Total assets	3,307	4,063	4,849	5,171	5,857	6,411	7,008
Short term loans/OD	637	747	847	900	392	392	392
Accounts payable	98	84	207	253	320	412	484
Accrued expenses	23	197	91	233	300	412	519
Taxes payable	16	22	27	19	31	42	53
Other current liab	28	100	69	33	54	74	93
Current liabilities	802	1,150	1,240	1,437	1,097	1,333	1,541
Long-term debt/leases/other	1,365	1,604	2,064	2,087	2,903	2,903	2,903
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liab	154	170	207	208	262	337	410
Total liabilities	2,322	2,924	3,511	3,732	4,262	4,573	4,853
Share capital	715	715	715	715	715	715	715
Retained earnings	271	372	477	569	711	938	1,238
Reserves/others	0	0	0	0	-	-	-
Shareholder funds	986	1,086	1,192	1,284	1,426	1,653	1,953
Minorities/other equity	0	52	146	156	170	185	202
Total equity	986	1,138	1,338	1,439	1,595	1,838	2,155
Total liab & equity	3,307	4,063	4,849	5,171	5,857	6,411	7,008
Total debt	2,002	2,350	2,910	2,987	3,295	3,295	3,295
Net debt	1,917	2,123	2,656	2,795	2,846	2,890	2,947
Adjusted EV	12,377	12,545	13,034	13,015	13,448	13,326	13,209
BVPS (Rp)	290.1	319.7	350.8	377.8	400.8	464.7	549.1

Balance sheet ratios

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Key ratios							
Current ratio (x)	0.4	0.4	0.5	0.4	0.9	0.9	0.9
Growth in total assets (% YoY)	9.2	22.8	19.4	6.6	13.3	9.5	9.3
Growth in capital employed (% YoY)	7.8	12.0	21.9	6.5	4.5	6.1	7.6
Net debt to operating cashflow (x)	12.5	4.2	(47.9)	16.7	11.9	11.4	11.2
Gross debt to operating cashflow (x)	13.1	4.7	(52.5)	17.8	13.8	12.9	12.5
Gross debt to Ebitda (x)	4.5	5.4	6.6	6.5	5.7	4.9	3.9
Net debt/Ebitda (x)	4.3	4.9	6.1	6.1	4.9	4.3	3.5
Gearing							
Net debt/equity (%)	194.5	186.5	198.5	194.2	178.4	157.3	136.8
Gross debt/equity (%)	203.1	206.5	217.5	207.5	206.5	179.3	152.9
Interest cover (x)	1.7	2.0	1.4	1.2	1.6	2.0	2.7
Debt cover (x)	0.1	0.2	0.0	0.1	0.1	0.1	0.1
Net cash per share (Rp)	(564.3)	(624.8)	(781.6)	(822.7)	(818.4)	(812.6)	(828.5)
Working capital analysis							
Inventory days	9.0	9.9	7.6	2.5	0.7	0.8	0.8
Debtor days	44.6	42.6	40.9	39.3	32.8	34.8	40.2
Creditor days	27.4	26.3	33.4	37.3	28.6	26.7	25.9
Working capital/Sales (%)	4.6	(6.6)	(2.1)	(4.5)	(4.0)	(2.5)	(0.7)
Capital employed analysis							
Sales/Capital employed (%)	58.5	57.7	59.2	72.3	103.6	131.9	154.3
EV/Capital employed (%)	428.7	388.1	330.7	310.0	306.5	286.2	263.6
Working capital/Capital employed (%)	2.7	(3.8)	(1.2)	(3.3)	(4.2)	(3.3)	(1.0)
Fixed capital/Capital employed (%)	95.8	105.6	98.8	96.7	96.1	93.7	89.8
Other ratios (%)							
PB (x)	11.7	10.6	9.7	9.0	8.5	7.3	6.2
EV/Ebitda (x)	28.0	28.9	29.8	28.3	23.3	19.7	15.5
EV/OCF (x)	81.0	24.9	(235.0)	77.7	56.2	52.4	50.3
EV/FCF (x)	(98.0)	(53.9)	(19.3)	(78.1)	(151.9)	(181.7)	(203.3)
EV/Sales (x)	7.3	6.7	5.6	4.3	3.0	2.2	1.7
Capex/depreciation (%)	190.4	830.5	575.9	206.4	191.1	180.8	171.7

Source: www.clsa.com

Cashflow (Rpbn)

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Operating profit	296	345	330	298	405	495	660
Operating adjustments	-	-	-	-	-	-	-
Depreciation/amortisation	147	89	108	162	172	181	191
Working capital changes	3	188	(99)	132	57	(50)	(121)
Interest paid / other financial expenses	(176)	(178)	(244)	(254)	(264)	(255)	(247)
Tax paid	(35)	(41)	(29)	(7)	(40)	(26)	(105)
Other non-cash operating items	(82)	101	(122)	(164)	(90)	(91)	(115)
Net operating cashflow	153	504	(55)	167	239	254	263
Capital expenditure	(279)	(736)	(620)	(334)	(328)	(328)	(328)
Free cashflow	(126)	(233)	(675)	(167)	(89)	(73)	(65)
Acq/inv/disposals	-	-	-	-	-	-	-
Int, invt & associate div	18	18	53	50	41	42	43
Net investing cashflow	(261)	(718)	(567)	(284)	(287)	(286)	(285)
Increase in loans	174	348	560	40	291	-	-
Dividends	(24)	(41)	0	0	0	(28)	(51)
Net equity raised/others	3	50	89	14	14	15	17
Net financing cashflow	153	358	649	54	305	(13)	(34)
Incr/(decr) in net cash	45	143	27	(63)	257	(45)	(56)
Exch rate movements	-	-	-	-	-	-	-
Opening cash	40	85	228	255	192	449	405
Closing cash	85	228	255	192	449	405	348
OCF PS (Rp)	45.0	148.2	(16.3)	49.3	68.8	71.5	73.9
FCF PS (Rp)	(37.2)	(68.5)	(198.7)	(49.0)	(25.5)	(20.6)	(18.3)

Cashflow ratio analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Growth (%)							
Op cashflow growth (% YoY)	(20.8)	229.5	(111.0)	nm	42.9	6.3	3.3
FCF growth (% YoY)	-	-	-	-	-	-	-
Capex growth (%)	21.8	163.7	(15.8)	(46.1)	(1.9)	0.0	0.0
Other key ratios (%)							
Capex/sales (%)	16.5	39.4	26.6	11.0	7.2	5.3	4.2
Capex/op cashflow (%)	182.6	146.2	(1,117.5)	199.5	137.0	128.8	124.7
Operating cashflow payout ratio (%)	15.6	8.1	-	0.0	0.0	11.2	19.5
Cashflow payout ratio (%)	0.0	0.0	-	0.0	0.0	0.0	0.0
Free cashflow payout ratio (%)	-	-	-	-	-	-	-

DuPont analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit margin (%)	17.5	18.5	14.1	9.8	8.9	8.1	8.5
Asset turnover (x)	0.5	0.5	0.5	0.6	0.8	1.0	1.2
Interest burden (x)	0.5	0.5	0.4	0.2	0.4	0.5	0.7
Tax burden (x)	0.7	0.8	0.8	0.9	0.8	0.9	0.8
Return on assets (%)	7.0	7.3	5.6	5.4	5.6	7.3	7.5
Leverage (x)	3.4	3.5	3.6	3.6	3.6	3.6	3.4
ROE (%)	10.9	13.9	9.7	7.0	10.5	16.6	19.5

EVA® analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit adj for tax	221	268	251	269	308	447	503
Average invested capital	2,945	3,244	3,800	4,287	4,535	4,847	5,251
ROIC (%)	7.5	8.3	6.6	6.3	6.8	9.2	9.6
Cost of equity (%)	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Cost of debt (adj for tax)	5.6	5.8	5.7	6.8	5.7	6.8	5.7
Weighted average cost of capital (%)	8.2	8.4	8.3	8.9	8.3	8.9	8.3
EVA/IC (%)	(0.7)	(0.1)	(1.7)	(2.7)	(1.5)	0.3	1.3
EVA (Rpbn)	(21)	(3)	(64)	(114)	(68)	14	67

Source: www.clsa.com



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Grab Holdings (N-R)
Huawei Tech (N-R)
J&T Express (N-R)
Jani Shipping & Logistics Pvt Ltd (N-R)
JBL (N-R)
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JD.com Development (N-R)
JNE Express (N-R)
Kargo Global Inc (N-R)
Lalamove EasyVan (Thailand) Co Ltd (N-R)
Lazada South East Asia Pte Ltd (N-R)
Lion Express PT (N-R)
Luxasia Indonesia PT (N-R)
MrSpeedy Indonesia (N-R)
Ninja Logistics (N-R)
N-Squared eCommerce Co Ltd (N-R)
Paxel Indonesia (N-R)
Pet republic (N-R)
Pioneer (N-R)
Printerous (N-R)
Ria miranda (N-R)
Roda Bangun Selaras PT (N-R)
SCI Ecommerce Pte Ltd (N-R)
scJohnson (N-R)
SELLinALL Pte Ltd (N-R)

SF Holding (002352 CH - RMB60.41 - BUY)
 Shipper Indonesia (N-R)
 Shopee Pte Ltd (N-R)
 Shopmatic Holdings Pte Ltd (N-R)
 SiCepat Ekspres (N-R)
 SingPost (N-R)
 Synagie Corp Ltd (N-R)
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 Tiki Jalur Nugraha Ekakurir PT (N-R)
 Time Prestige Investments Ltd (N-R)
 Tokopedia (N-R)
 Triputra Group (N-R)
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 UPS (N-R)
 Waresix (N-R)
 Yamato (9064 JP - ¥2,756 - BUY)
 ZTO Express (N-R)

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