

# Adi Sarana Armada

## Express growth

### In line 2Q21 results (revenue up 19% QoQ, net profit up 22% QoQ)

ASSA 2Q21 revenue reached Rp1.15trn (+19% QoQ, +64% YoY), bringing its 1H21 figure to Rp2.1trn (+50% YoY). The growth is driven by courier segment (Anteraja). 2Q21 gross profit recorded at Rp246bn (+12% QoQ, +32% YoY), bringing its 1H21 gross profit of Rp467bn (+20%YoY). The company recorded lower gross margin and operating margins as the impact of Anteraja's businesses' exponential growth. 2Q21 earnings recorded at IDR 40bn (+22% QoQ, +313% YoY), forming its 1H21 of Rp73bn (+69% YoY), in line at 49%/51% of ours and consensus estimates.

### Anteraja, for the first time, marked the largest revenue contribution

Anteraja recorded revenue 2Q21 of Rp591bn (+51%QoQ, +249% YoY), and currently becomes company's biggest revenue contributor of 48% (vs vehicle lease at 35%). Anteraja's gross profit increased by +98% QoQ to Rp52bn, while the company booked an operating loss of Rp-5bn due to higher opex (+38% QoQ). We expect Anteraja to book a break-even level going forward following their volume delivery ramp-up.

### Automatic sorting machine to help company's expansion plans

Anteraja's parcel delivery were able to reach ~500k/day end of June, which is significantly higher vs 300k/day end of 2020. We expect volume to continue to ramp up to ~700k/day by the end of this year. This volume growth would further grow exceeding the 1mn/day mark by next year. To support that, Anteraja has prepared capex in 2H21 for purchasing automatic sorting machines, to allow a more efficient process and help with maintaining quality. We are optimistic that the target can be achieved especially considering potential new orders from another e-commerce that will be supported by Anteraja by 3Q21.

### Earnings revisions

The company have just received a fresh fund of Rp720bn from the issuance of its convertible bonds, of which Rp639bn will be used to pay the debt. Hence, we expect lower finance cost going forward. We also revised our earnings 2021-23 by 11%/23%/26% to Rp167bn/Rp218bn/268bn respectively due to lower finance cost and faster than expected Anteraja's growth progress.

### Upgrade TP to Rp3.3k (+36% ups.), Buy

We roll over our target price to 2022F and our new SOP-based TP is Rp3.3k. The new TP is mainly premised on 50% discount to Anteraja's 2.2m parcel/day target by 2024 coupled with valuation/delivery transactions/year of \$2.74 (pegged to SiCepat latest valuation). Our new TP implies 11.5x EV/EBITDA 2022F.

## BUY (Maintain)

Current TP IDR3,300 (+36%)  
 Previous TP IDR2,700  
 Current Price IDR2,420



### Willinoy Sitorus

willinoy.sitorus@trimegah.com  
 021 - 2924 9107

### Hasbie

hasbie@trimegah.com  
 +62-21 2924 6322

### Stock Data & Indices

Bloomberg Code	ASSA.IJ
JCI Member	JAKINFR
MSCI Indonesia	No
JII	No
LQ45	No
Kompas 100	No

### Key Data

Issued Shares (mn)*	3.998
Free Float (est)	54.9
Mkt. Cap (IDRbn)	9,674
Mkt. Cap (USDmn)	667
ADTV 6 months (IDRbn)	48.2
52 Wk-range	2760/ 450

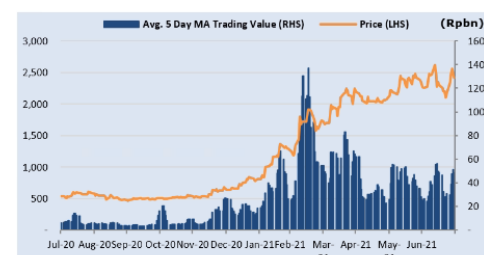
\*Including new shares from convertible bonds

### Performance (%)

	YTD	1m	3m	12m
Absolute	281.1	6.6	12.0	352.3
Relative to JCI	278.7	4.3	10.0	333.5

### Company Data

Year end Dec	2019	2020	2021F	2022F	2023F
Revenue (IDR bn)	2,334	3,037	4,013	5,490	7,330
EBITDA (IDR bn)	866	868	1,105	1,381	1,683
Net Profit (IDR bn)	111	87	167	218	268
EPS Growth (%)	-22.9	-21.2	91.2	31.1	22.9
P/E (x)	74.3	94.3	58.0	44.3	36.1
P/BV (X)	6.9	6.4	4.5	4.0	3.6
EV/EBITDA	12.6	12.7	11.0	9.0	7.5
ROAE (%)	8.9	6.3	8.9	9.2	10.7



### Income Statement

Year end Dec (IDR bn)	2019	2020	2021F	2022F	2023F
Revenue	2,334	3,037	4,013	5,490	7,330
Gross Profit	745	790	1,024	1,355	1,656
Opr. Profit	350	313	479	657	808
EBITDA	866	868	1,105	1,381	1,683
Net Int Inc/(Exp)	-229	-242	-243	-278	-319
Other Income (Expense)	(2)	0	0	0	0
Pre-tax Profit	118	68	236	379	489
Income Tax Expense	(26)	(5)	(47)	(76)	(98)
Minority Interest	19	23	(22)	(85)	(123)
Net Profit	111	87	167	218	268
Dividend payout ratio (%)	0	0	0	0	0

### Balance Sheet

Year end Dec (IDR bn)	2019	2020	2021F	2022F	2023F
Cash and equivalents	255	192	434	813	872
Other curr asset	398	436	525	571	693
Net fixed asset	3,894	4,060	4,569	4,868	5,237
Other non-current assets	303	483	483	483	483
Total Asset	4,849	5,171	6,011	6,735	7,285
ST debt	847	900	1,050	1,300	1,400
Other curr liab	394	537	547	588	642
LT debt	2,064	2,087	1,903	2,203	2,453
Other LT Liab	207	208	208	208	208
Minority interest	3,511	3,732	3,708	4,298	4,702
Total Liabilities	146	156	134	49	(74)
Shareholders Equity*	1,192	1,284	2,170	2,389	2,657
Net debt / (cash)	2,656	2,795	2,518	2,690	2,980
Total cap employed	3,609	3,734	4,414	4,848	5,243
Net Working capital	(588)	(809)	(638)	(504)	(477)

\*We assume convertible bonds holders to convert its bonds to equity by this year

### Cash Flow

Year end Dec (IDR bn)	2019	2020	2021F	2022F	2023F
Net Profit	111	87	167	218	268
Depr / Amort	517	555	625	724	874
Chg in Working Cap	(99)	106	(78)	(6)	(67)
Others	(675)	(447)	(296)	(213)	(255)
<b>CF's from oprs</b>	<b>(146)</b>	<b>301</b>	<b>418</b>	<b>723</b>	<b>821</b>
Capex	(590)	(328)	(839)	(809)	(988)
Others	442	187	0	0	0
<b>CF's from investing</b>	<b>(148)</b>	<b>(141)</b>	<b>(839)</b>	<b>(809)</b>	<b>(988)</b>
Net change in debt	560	77	(34)	550	350
Others	(237)	(300)	38	(85)	(123)
<b>CF's from financing</b>	<b>323</b>	<b>(224)</b>	<b>3</b>	<b>465</b>	<b>227</b>
Net cash flow	29	(63)	(417)	379	59
Cash at BoY	228	255	192	(226)	153
Cash at EoY	257	191	(226)	153	212

### Ratio Analysis

Year end Dec	2019	2020	2021F	2022F	2023F
<b>Profitability</b>					
Gross Margin (%)	31.9	26.0	25.5	24.7	22.6
Opr Margin (%)	15.0	10.3	11.9	12.0	11.0
EBITDA Margin (%)	37.1	28.6	27.5	25.2	23.0
Core Net Margin (%)	4.7	2.9	4.2	4.0	3.7
ROE (%)	9.7	7.0	11.9	13.5	14.4
ROA (%)	2.5	1.7	3.2	3.8	4.2
<b>Stability</b>					
Current ratio (x)	0.5	0.4	0.2	0.4	0.4
Net Debt to Equity (x)	2.2	2.2	2.1	1.9	1.8
Net Debt to EBITDA (x)	3.1	3.2	2.9	2.4	2.2
Interest Coverage (x)	1.4	1.2	1.9	2.3	2.4
<b>Efficiency</b>					
Account Payable (days)	12	13	13	13	13
Account Receivable (days)	39	38	38	30	28
Inventory Day (days)	8	2	2	2	2

### Company Background

PT Adi Sarana Armada Tbk (ASSA) is one of the largest car rental company with >20k rental units and 44 branch & service points. It entered the car auction business back in 2014.

### Major Shareholders

PT Adi Dinamika Investindo	25.1%
PT Daya Adicipta Mustika	19.2%
Drs. Prodo Sunarjanto SP	9.9%
Public	45.8%

### SWOT Analysis

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>-Strong customer base (corporate).</li> <li>-Lower car acquisition price</li> <li>-Synergy within business units</li> <li>-technology driven</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>-Exposure to change in interest rates.</li> </ul>
<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>-Increase in second hand car price.</li> <li>-Trend to outsource transportation needs (increase in potential customer base)</li> <li>-Monetize technology to make businesses more efficient</li> </ul>	<p><b>Threat</b></p> <ul style="list-style-type: none"> <li>-Increase in cost of funds.</li> <li>-High discount for new car.</li> </ul>

**Figure 1. ASSA's 2Q21 results\***

**ASSA 2Q21 results**

(in IDRbn)	2Q20	1Q21	2Q21	% QoQ	% YoY	1H20	1H21	%YoY	TRIM FY21E	Cons FY21E
Revenue	701	963	1,147	19%	64%	1,403	2,110	50%	54%	53%
Gross Profit	187	221	246	12%	32%	389	467	20%	47%	49%
Operating Profit	60	91	97	6%	62%	135	188	39%	40%	41%
Net Profit	10	33	40	22%	313%	43	73	69%	49%	51%
Gross Margin	26.6%	22.9%	21.5%			27.8%	22.1%			
Operating Margin	8.5%	9.5%	8.4%			9.7%	8.9%			
Net Margin	1.4%	3.4%	3.5%			3.1%	3.4%			
Cash	248	472	463			248	463			
Debt	2,972	3,236	3,245			2,972	3,245			
Equity	1,244	1,318	1,060			1,244	1,060			
Gearing (x)	2.39	2.45	3.06			2.39	3.06			
Net gearing (x)	2.19	2.10	2.63			2.19	2.63			

Source: Trimegah Research, Company. \*we use estimation figures before adjustment

**Figure 2. Changes of estimate**

	NEW			OLD			CHANGE		
	2021F	2022F	2023F	2021F	2022F	2023F	2021F	2022F	2023F
Revenue	4,013	5,490	7,330	3,876	5,265	6,896	4%	4%	6%
Gross profit	1,024	1,355	1,656	1,003	1,326	1,599	2%	2%	4%
Gross margin	25.5%	24.7%	22.6%	25.9%	25.2%	23.2%			
Operating profit	479	657	808	471	642	766	2%	2%	5%
Op. profit margin	11.9%	12.0%	11.0%	12.2%	12.2%	11.1%			
Pre-tax profit	236	379	489	212	318	397	11%	19%	23%
Pre-tax margin	5.9%	6.9%	6.7%	5.5%	6.0%	5.8%			
Net profit	167	218	268	150	178	214	11%	23%	26%
Net margin	4.2%	4.0%	3.7%	3.9%	3.4%	3.1%			

Source: Trimegah Research, Bloomberg

**Figure 3. J&T and Sicepat valuations calculation**

Company	Valuation (\$mn)	Current parcel delivery per day (in k/day)	Total parcel per year (mn)	Implied valuation per parcels (\$/parcels)
J&T	5,000	2200**	803	6.23
SiCepat	1360*	1200**	438	2.74
Average	3,180	1,700	621	4.48

\*Sicepat last rounding was \$170mn, we estimate at least the new investors would have ~12.5% of stake, implies valuation of \$1.36bn

\*\*Based on our estimation

Source: Trimegah Research, Bloomberg, Bisnis.

**Figure 4.** Anteraja's peers comparison

Ticker	Market cap (USDMn)	PER (x)		PBV (x)		EV/EBITDA (x)		ROE (%)		
		2021Y	2022Y	2021Y	2022Y	2021Y	2022Y	2021Y	2022Y	
		*as of 7/30/2021								
<b>China</b>										
S F HOLDING CO LTD-A	002352 CH EQUIT	41,624	54.1	34.6	4.2	3.8	22.9	15.6	8.1	11.1
KERRY LOGISTICS NETWORK	1636 HK EQUITY	5,379	19.0	19.3	1.4	1.3	9.3	8.7	7.0	7.4
ZTO EXPRESS CAYMAN INC	2057 HK EQUITY	22,970	29.8	23.6	2.8	2.6	19.0	14.5	9.3	10.9
<b>Japan</b>										
YAMATO HOLDINGS CO LTD	9064 JP EQUITY	11,482	26.3	21.4	2.1	1.9	8.0	7.3	8.5	9.5
SG HOLDINGS CO LTD	9143 JT EQUITY	17,443	26.0	24.3	4.6	4.2	15.1	13.7	18.0	18.5
<b>US</b>										
UNITED PARCEL SERVICE-CL	UPS US EQUITY	166,977	17.2	16.5	14.1	9.6	12.0	11.5	133.0	77.8
FEDEX CORP	FDX US EQUITY	75,371	15.5	13.3	3.3	2.8	9.0	7.7	21.9	21.8
<b>Average</b>		<b>48,749</b>	<b>26.86</b>	<b>21.86</b>	<b>4.65</b>	<b>3.73</b>	<b>13.63</b>	<b>11.30</b>	<b>29.40</b>	<b>22.42</b>
<i>Premium (Disc)</i>		-99%	116%	103%	38%	50%	-15%	-17%	-63%	-43%
<b>ADI SARANA ARMADA</b>	<b>ASSA IJ EQUITY</b>	<b>667</b>	<b>58.0</b>	<b>44.3</b>	<b>6.4</b>	<b>5.6</b>	<b>11.6</b>	<b>9.4</b>	<b>10.8</b>	<b>12.8</b>

Source: Trimegah Research, Bloomberg

## Valuation

**Figure 5.** ASSA's valuation calculation

ASSA rent, sale of used vehicle, and logistic									
DCF									
(IDR bn)	2019	2020	2021F	2022F	2023F	2024F	2025F	2026	TV
			0	1	2	3	4	5	6
EBIT (1-tax)		355	355	369	396	414	449	485	
Depreciation + reclassification		115	276	442	535	689	865	1,142	
Capex + Inv. in assoc		(280)	(453)	(549)	(734)	(759)	(784)	(804)	
Increase (Dec.) in WC		106	(78)	(6)	(67)	36	51	42	
<b>Free cash flow</b>		<b>295</b>	<b>100</b>	<b>256</b>	<b>130</b>	<b>379</b>	<b>580</b>	<b>866</b>	<b>5,160</b>
PV				236	110	297	420	578	3,177
Enterprise value	Rpbn	4,819							
Net debt	Rpbn	(2,518)							
FV of Equity	Rpbn	2,301							

Auction		
2022 EBIT (1-tax)	Rpbn	35
Assume no debt in auction. EBIT = NPAT		
Target PE	x	19.0
FV of Equity	Rpbn	657
ASSA's part	51%	335

Anteraja	Unit	Amount	Note
Anteraja parcel delivery/day	('000)	1,100	50% discount to Anteraja's 2024 target of 2.2m deliveries/day
Valuation per delivery cost transaction/year	\$	2.7	Estimation of e-commerce valuation /per person/year - similar to competitor
Anteraja's valuation	\$m	1,100	
Anteraja's stake		55%	
Anteraja's valuation	\$m	605	
Anteraja's valuation	Rp bn	8,470	

SOP method		
Business unit	Method	Valuation (Rp bn)
Car rental & related	DCF using scrap value as TV	2,301
Car auction	Target 2022 P/E of 19x	335
	Valuation pegged to valuation/delivery cost transaction/year	8,470
Last-mile delivery (courier)		
<b>Total</b>		<b>11,106</b>
Shares outstanding (b)		3.4
<b>Target price (Rp/share)</b>		<b>3,269</b>
<b>Target price (Rp/share) - round</b>		<b>3,300</b>

Source: Trimegah Research

## Research Team

<b>Willinoy Sitorus</b>	<b>Strategy, Banks &amp; Industrial</b>	<b>willinoy.sitorus@trimegah.com</b>	<b>+62-21 2924 9107</b>
<b>Fakhrul Fulvian</b>	Economics, Fixed Income	fakhrul.fulvian@trimegah.com	+62-21 2924 9097
<b>Prasetya Gunadi</b>	Banks and Financial-related	<a href="mailto:prasetya.gunadi@trimegah.com">prasetya.gunadi@trimegah.com</a>	+62-21 2924 9099
Darién Sanusi	Consumer Staples and Retail	darien.sanusi@trimegah.com	+62-21 2924 9106
<b>Heribertus Ariando</b>	Tobacco, Media and Healthcare	heribertus.ariando@trimegah.com	+62-21 2924 9060
Richardson Raymond	Telco, Tower, and Digital Media	richardson.raymond@trimegah.com	+62-21 2924 9136
<b>Kharel Devin Fielim</b>	Property, Construction and Infra	kharel.devin@trimegah.com	+62-21 2924 9103
Hasbie	Commodities-related and Small Caps	hasbie@trimegah.com	+62-21 2924 6322
Kenny Vincent	Economics, Fixed Income	kenny.vincent@trimegah.com	+62-21 2924 6325
Kimberly Bianca	Generalist	kimberly.bianca@trimegah.com	+62-21 2924 9088

## Corporate Access

Nur Marini	Corporate Access	marini@trimegah.com	+62-21 2924 6323
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## Institutional Sales Team

<b>Beatrix Susanto</b>	<b>Head of Institutional Sales</b>	<b>beatrix.susanto@trimegah.com</b>	<b>+62-21 2924 9086</b>
Henry Sidarta, CFE	Deputy Head of Institutional Sales	henry.sidarta@trimegah.com	+62-21 3043 6309
<b>Raditya Andono</b>	Equity Institutional Sales	raditya.andono@trimegah.com	+62-21 2924 9146
<b>Calvina Karmoko</b>	Equity Institutional Sales	calvina.karmoko@trimegah.com	+62-21 2924 9080
<b>Dewi Yusnita</b>	Equity Institutional Sales	dewi.yusnita@trimegah.com	+62-21 2924 9082
Morgan Gindo	Equity Institutional Sales	<a href="mailto:morgan.gindo@trimegah.com">morgan.gindo@trimegah.com</a>	+62-21 2924 9076
Gerry Benedict	Equity Institutional Sales	<a href="mailto:gerry.benedict@trimegah.com">gerry.benedict@trimegah.com</a>	+62-21 2924 9081

## Retail Sales Team

<b>Andrew Jatmiko</b>	<b>Head of Retail Equity Sales</b>	<b>andrew.jatmiko@trimegah.com</b>	<b>+62-21 3043 6310</b>
Hasbie Sukaton	Deputy Head of Retail Sales	hasbie.sukaton@trimegah.com	+62-21 2924 9088
Untung Wijaya	Area Manager (Indonesia Timur)	untung.wijaya@trimegah.com	+62-31 2971 8000
<b>Jakarta Area</b>			
Ignatius Candra Perwira	<b>Kelapa Gading</b> , Jakarta	ignatius.perwira@trimegah.com	+62-21 8061 7270
<b>Ariffianto</b>	BSD, Jakarta	ariffianto@trimegah.com	+62-21 5089 8959
<b>Sumatera</b>			
Juliana Effendi	Medan, Sumatera Utara	juliana.effendi@trimegah.com	+62-61 4100 0000
<b>Eastern Indonesia</b>			
Carlo Ernest Frits Coutrier	<b>Makasar</b> , Sulawesi Selatan	carlo.coutrier@trimegah.com	+62-411 3604 379
<b>East Java</b>			
Pandu Wibisono	Surabaya, Jawa Timur	pandu.wibisono@trimegah.com	+62-31 2973 18000
<b>Central Java, Area</b>			
Aloysius Primasayah	Semarang, Jawa Tengah	primasayah.kristanto@trimegah.com	+62-24 8600 2310
<b>Laili Mamuroh</b>	Solo, Jawa Tengah	<a href="mailto:laili.mamuroh@trimegah.com">laili.mamuroh@trimegah.com</a>	+62-271 6775 590
<b>West Java</b>			
Bhisma Herlambang	Bandung, Jawa Barat	bhisma.herlambang@trimegah.com	+62-22 8602 6290
<b>Renny Nurhayati Hidayat</b>	Cirebon, Jawa Barat	renny.nurhayati@trimegah.com	+62-231 8851 009

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- Neutral : Share price is expected to trade within the range of 0%-10% over the next 12 months
- Sell : Share price is expected to trade below 0% over the next 12 months
- Not Rated : The company is not within Trimegah research coverage



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Company Ticker	Disclosure (as applicable)
ASSA	-

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8. The analyst (or a member of his/her household) is an officer, director, employee or advisory board member of this company or has received compensation from the company.