



## Adi Sarana

ASSA IJ / ASSA.JK

➤ **Market Cap**  
**US\$36.41m**  
 Rp475,650m

➤ **Avg Daily Turnover**  
**US\$0.11m**  
 Rp1,470m

➤ **Free Float**  
**40.0%**  
 7,147 m shares

Current **Rp140.0**  
 Target ➤ **Rp187.0**  
 Prev. Target **Rp187.0**  
 Up/Downside **33.6%**

## 1QFY15 RESULTS NOTE

### STOCK RATING

**ADD**

HOLD

REDUCE

### CIMB Analyst(s)



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### Share price info

Share price perf. (%)	1M	3M	12M
Relative	-10.8	-14.4	-60.7
Absolute	-16.2	-16.7	-54.1

Major shareholders	% held
Adi Dinamika Investindo	24.9
Daya Adicipta Mustika	19.2
Theodore Permadi Rahmat	6.0

## A good starting point

At 30% of our full-year forecast, ASSA's 1Q15 core earnings of Rp19bn (-5% yoy) came in above our forecast. The highlight of the 1Q15 earnings was strong revenue growth, driven mainly by its logistics and used car sales businesses. We fine-tune our EPS forecasts to reflect the 1Q15 performance, but maintain our GGM-based target price. We upgrade our rating from Hold to Add given the attractive stock valuation currently, following the share price drop and improving business outlook. Catalysts could come from an improvement in auto sales, which could drive better used car sales.

### 1Q15: a better quarter ➤

The company booked 27% yoy revenue growth in 1Q15, driven by a moderate 15% yoy growth in its car rental business and strong growth in its used car sales and logistics business at 65% yoy/42% yoy. Both used car sales and the logistics business came in ahead of our number, though its car rental business came in below our expectation, mainly from the lower fleet utilisation ratio of 90.6% (vs. our forecast of 93%). Management, however, has guided for utilisation rates to normalise to 91-92% for FY15. In the used car sales business, the auction system contributed significant support to earnings, as we noted the used-car inventory turnover improved to 11x vs. 5.5x in FY14, lowering the inventory level to Rp20bn from the peak in 6M14 of Rp38bn. The average gain on fleet disposal also increased to Rp12m/unit from Rp6m-8m/unit in FY14 which lifted the gross margin for the used car business to 12% from the losses in 4Q14.

### Risk on 4x4 disposal ➤

Following the disposal of 175 units (at a loss of Rp60m-70m each) of "4x4" vehicles in FY14, which contributed to the drop in overall used car sales margin to 7% from 22% in FY13, management has revealed that it still has 250 units of 4x4 on its book. It plans to dispose up to 100 units in FY15, implying a potential loss of Rp6bn-7bn.

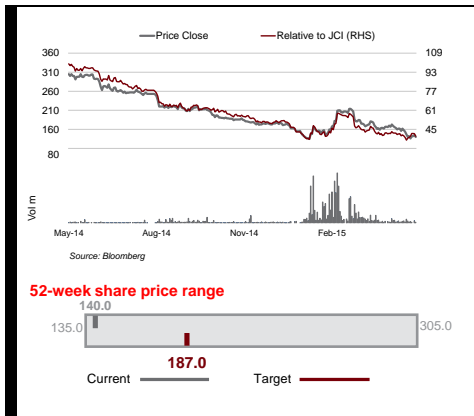
### Attractive valuation, better prospects ➤

The stock is currently trading at 6.2x FY15 P/E and 0.5x FY15 P/BV, already at 1.3 s.d. below its historical P/BV. We foresee an improving earnings outlook in the coming quarters, though auto demand may still be weak and the domestic economic slowdown could be a risk in 2Q15.

### Result Comparison

FYE Dec (Rp bn)	1Q15	1Q14	yoy %	4Q14	qoq %	FY15F	Comments
			chg		chg		
Revenue	341	268	27,0	311	9,5	1.304	in-line, 26% of CIMB forecast
Operating costs	(200)	(148)	35,1	(187)	7,0	(739)	
EBITDA	141	120	17,1	124	13,3	565	-
EBITDA margin (%)	41%	45%		40%		43%	
Depn & amort.	78	65	20,9	78	0,8	332	
EBIT	63	56	12,6	47	34,0	233	-
Interest expense	(39)	(31)	27,2	(39)	1,2	(154)	
Interest & invt inc	0	0	(21,1)	0	(16,4)	-	
Others	2	1	61,5	3	(19,0)	-	
Pretax profit	26	26	(2,1)	11	135,4	80	
Tax	(5)	(6)	(4,3)	(4)	41,6	(17)	-
Minority interests	0	0	6.779,4	0	0,7	-	
Net profit	20	21	(1,5)	7	184,3	63	Above, 33% of CIMB forecast
Core net profit	19	20	(4,6)	6	241,1	63	Above, 30% of CIMB forecast
EPS (Rp)	3	3	(1,5)	1	184,3	9	
Core EPS (Rp)	3	3	(4,6)	1	241,1	9	

SOURCE: CIMB, COMPANY REPORTS



### Financial Summary

	Dec-13A	Dec-14A	Dec-15F	Dec-16F	Dec-17F
Revenue (Rpb)	1,019	1,140	1,318	1,584	1,876
Operating EBITDA (Rpb)	464.5	480.4	565.7	678.5	782.3
Net Profit (Rpb)	92.05	42.96	63.24	84.30	90.37
Core EPS (Rp)	27.09	12.65	18.61	24.81	26.60
Core EPS Growth	213%	(53%)	47%	33%	7%
FD Core P/E (x)	5.17	11.07	7.52	5.64	5.26
DPS (Rp)	0.00	9.00	2.53	3.72	4.96
Dividend Yield	0.00%	6.43%	1.81%	2.66%	3.54%
EV/EBITDA (x)	3.47	3.97	3.88	3.74	3.69
P/FCFE (x)	NA	NA	145.3	20.1	26.2
Net Gearing	138%	171%	193%	214%	232%
P/BV (x)	0.58	0.57	0.53	0.49	0.46
ROE	11.8%	5.2%	7.3%	9.1%	9.0%
% Change In Core EPS Estimates			0.375%	0.148%	0.035%
CIMB/consensus EPS (x)			1.00	1.00	

SOURCE: CIMB, COMPANY REPORTS

### Profit & Loss

(Rpb)	Dec-14A	Dec-15F	Dec-16F	Dec-17F
<b>Total Net Revenues</b>	<b>1,140</b>	<b>1,318</b>	<b>1,584</b>	<b>1,876</b>
<b>Gross Profit</b>	<b>627</b>	<b>724</b>	<b>859</b>	<b>999</b>
<b>Operating EBITDA</b>	<b>480</b>	<b>566</b>	<b>679</b>	<b>782</b>
Depreciation And Amortisation	(285)	(330)	(380)	(441)
<b>Operating EBIT</b>	<b>196</b>	<b>236</b>	<b>298</b>	<b>341</b>
Financial Income/(Expense)	(139)	(156)	(192)	(227)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>56</b>	<b>80</b>	<b>107</b>	<b>114</b>
Exceptional Items	0	0	0	0
<b>Pre-tax Profit</b>	<b>56</b>	<b>80</b>	<b>107</b>	<b>114</b>
Taxation	(13)	(17)	(22)	(24)
Exceptional Income - post-tax	0	0	0	0
<b>Profit After Tax</b>	<b>43</b>	<b>63</b>	<b>84</b>	<b>90</b>
Minority Interests	0	0	0	0
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
<b>Net Profit</b>	<b>43</b>	<b>63</b>	<b>84</b>	<b>90</b>
Recurring Net Profit	43	63	84	90
<b>Fully Diluted Recurring Net Profit</b>	<b>43</b>	<b>63</b>	<b>84</b>	<b>90</b>

### Balance Sheet

(Rpb)	Dec-14A	Dec-15F	Dec-16F	Dec-17F
Total Cash And Equivalents	22	16	27	29
Total Debtors	136	157	188	223
Inventories	26	25	25	25
Total Other Current Assets	33	38	46	54
<b>Total Current Assets</b>	<b>216</b>	<b>236</b>	<b>287</b>	<b>331</b>
Fixed Assets	2,193	2,524	2,929	3,340
Total Investments	0	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	99	99	99	99
<b>Total Non-current Assets</b>	<b>2,292</b>	<b>2,623</b>	<b>3,028</b>	<b>3,438</b>
Short-term Debt	23	3	3	3
Current Portion of Long-Term Debt	387	468	564	658
Total Creditors	87	101	121	144
Other Current Liabilities	41	46	54	64
<b>Total Current Liabilities</b>	<b>538</b>	<b>617</b>	<b>741</b>	<b>868</b>
Total Long-term Debt	1,046	1,263	1,523	1,777
Hybrid Debt - Debt Component	0	0	0	0
Total Other Non-Current Liabilities	86	86	86	86
<b>Total Non-current Liabilities</b>	<b>1,132</b>	<b>1,350</b>	<b>1,609</b>	<b>1,864</b>
Total Provisions	0	0	0	0
<b>Total Liabilities</b>	<b>1,670</b>	<b>1,967</b>	<b>2,350</b>	<b>2,732</b>
Shareholders' Equity	837	892	964	1,037
Minority Interests	0	0	0	0
<b>Total Equity</b>	<b>837</b>	<b>892</b>	<b>964</b>	<b>1,037</b>

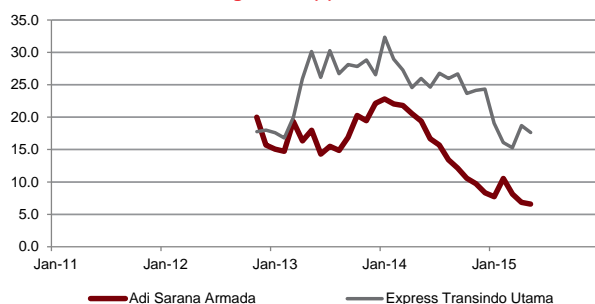
### Cash Flow

(Rpb)	Dec-14A	Dec-15F	Dec-16F	Dec-17F
EBITDA	480.4	565.7	678.5	782.3
Cash Flow from Inv. & Assoc.	0.0	0.0	0.0	0.0
Change in Working Capital	(7.2)	(7.3)	(11.3)	(10.2)
(Incr)/Decr in Total Provisions	0.0	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0
Other Operating Cashflow	(502.7)	(601.0)	(725.4)	(791.7)
Net Interest (Paid)/Received	(139.3)	(156.0)	(191.6)	(226.9)
Tax Paid	(13.4)	(16.8)	(22.4)	(24.0)
<b>Cash Flow From Operations</b>	<b>(182.2)</b>	<b>(215.4)</b>	<b>(272.2)</b>	<b>(270.6)</b>
Capex	(57.1)	(59.6)	(59.8)	(60.1)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(57.1)</b>	<b>(59.6)</b>	<b>(59.8)</b>	<b>(60.1)</b>
Debt Raised/(repaid)	181.7	278.2	355.7	348.7
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0
Dividends Paid	(30.6)	(8.6)	(12.6)	(16.9)
Preferred Dividends	0.0	0.0	0.0	0.0
Other Financing Cashflow	0.0	0.0	0.0	0.0
<b>Cash Flow From Financing</b>	<b>151.1</b>	<b>269.7</b>	<b>343.0</b>	<b>331.9</b>
Total Cash Generated	(88.2)	(5.3)	11.0	1.3
<b>Free Cashflow To Equity</b>	<b>(57.6)</b>	<b>3.3</b>	<b>23.7</b>	<b>18.1</b>
<b>Free Cashflow To Firm</b>	<b>(99.3)</b>	<b>(118.3)</b>	<b>(139.8)</b>	<b>(103.1)</b>

### Key Ratios

	Dec-14A	Dec-15F	Dec-16F	Dec-17F
Revenue Growth	11.9%	15.6%	20.2%	18.5%
Operating EBITDA Growth	3.4%	17.8%	19.9%	15.3%
Operating EBITDA Margin	42.1%	42.9%	42.8%	41.7%
Net Cash Per Share (Rp)	(422.0)	(505.5)	(606.9)	(709.2)
BVPS (Rp)	246.5	262.5	283.6	305.3
Gross Interest Cover	1.40	1.51	1.55	1.50
Effective Tax Rate	23.7%	21.0%	21.0%	21.0%
Net Dividend Payout Ratio	71.2%	13.6%	15.0%	18.7%
Accounts Receivables Days	37.85	39.01	38.43	38.57
Inventory Days	20.63	15.58	12.71	10.47
Accounts Payables Days	32.85	37.47	36.31	35.77
ROIC (%)	7.7%	8.0%	8.9%	8.8%
ROCE (%)	9.2%	9.6%	10.5%	10.5%

### 12-month Forward Rolling FD P/E (x)



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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 - 89	70 - 79	Below 70 or	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	

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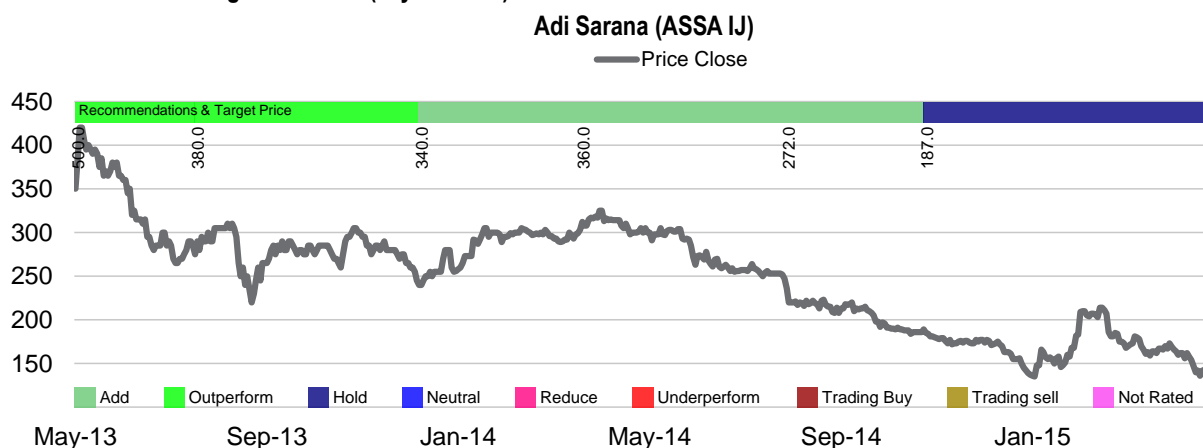
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2015		
1420 companies under coverage for quarter ended on 31 March 2015		
	Rating Distribution (%)	Investment Banking clients (%)
Add	55.4%	6.6%
Hold	31.3%	3.8%
Reduce	13.2%	1.3%

**Spitzer Chart for stock being researched ( 2 year data )**



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2014.**

**AAV** – Very Good, **ADVANC** – Very Good, **AEONTS** – not available, **AMATA** - Good, **ANAN** – Very Good, **AOT** – Very Good, **AP** - Good, **ASK** – Very Good, **ASP** – Very Good, **BANPU** – Very Good, **BAY** – Very Good, **BBL** – Very Good, **BCH** – not available, **BCP** - Excellent, **BEAUTY** – Good, **BEC** - Good, **BECL** – Very Good, **BGH** - not available, **BH** - Good, **BIGC** - Very Good, **BJC** – Good, **BLA** – Very Good, **BMCL** - Very Good, **BTS** - Excellent, **CCET** – Good, **CENDEL** – Very Good, **CHG** – not available, **CK** – Very Good, **CPALL** – not available, **CPF** – Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DEMCO** – Good, **DTAC** – Very Good, **EA** - Good, **ECL** – not available, **EGCO** - Excellent, **GFPT** - Very Good, **GLOBAL** - Good, **GLOW** - Good, **GRAMMY** - Excellent, **HANA** - Excellent, **HEMRAJ** – Very Good, **HMPRO** - Very Good, **ICHI** - not available, **INTUCH** - Excellent, **ITD** – Good, **IVL** - Excellent, **JAS** – not available, **JUBILE** – not available, **KAMART** – not available, **KBANK** - Excellent, **KCE** - Very Good, **KGI** – Good, **KKP** – Excellent, **KTB** - Excellent, **KTC** – Good, **LH** - Very Good, **LPN** – Very Good, **M** - not available, **MAJOR** - Good, **MAKRO** – Good, **MBKET** – Good, **MC** – Very Good, **MCOT** – Very Good, **MEGA** – Good, **MINT** - Excellent, **OFM** – Very Good, **OISHI** – Good, **PS** – Very Good, **PSL** - Excellent, **PTT** - Excellent, **PTTEP** - Excellent, **PTTGC** - Excellent, **QH** – Very Good, **RATCH** – Very Good, **ROBINS** – Very Good, **RS** – Very Good, **SAMART** - Excellent, **SAPPE** - not available, **SAT** – Excellent, **SAWAD** – not available, **SC** – Excellent, **SCB** - Excellent, **SCBLIF** – Good, **SCC** – Very Good, **SCCC** - Good, **SIM** - Excellent, **SIRI** - Good, **SPALI** - Excellent, **STA** – Very Good, **STEC** - Good, **SVI** – Very Good, **TASCO** – Good, **TCAP** – Very Good, **THAI** – Very Good, **THANI** – Very Good, **THCOM** – Very Good, **THRE** – not available, **THREL** – Good, **TICON** – Good, **TISCO** - Excellent, **TK** – Very Good, **TMB** - Excellent, **TOP** - Excellent, **TRUE** – Very Good, **TTW** – Very Good, **TUF** - Good, **VGI** – Very Good, **WORK** – not available.

**CIMB Recommendation Framework**

**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

*\*Prior to December 2013 CIMB recommendation framework for stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange were based on a stock's total return relative to the relevant benchmarks total return. Outperform: expected to exceed by 5% or more over the next 12 months. Neutral: expected to be within +/-5% over the next 12 months. Underperform: expected to be below by 5% or more over the next 12 months. Trading Buy: expected to exceed by 3% or more over the next 3 months. Trading Sell: expected to be below by 3% or more over the next 3 months. For stocks listed on Korea Exchange, Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Outperform: Expected positive total returns of 10% or more over the next 12 months. Neutral: Expected total returns of between -10% and +10% over the next 12 months. Underperform: Expected negative total returns of 10% or more over the next 12 months. Trading Buy: Expected positive total returns of 10% or more over the next 3 months. Trading Sell: Expected negative total returns of 10% or more over the next 3 months.*