

BUY (Maintain)

Target Price (IDR) 4,300 (from 3,000)

Potential Upside (%) 23.2

Price Comparison

Cons. Target Price (IDR) 3,883

SSI vs. Cons. (%) 110.7

Stock Information

Last Price (IDR) 3,490

Shares Issued (Mn) 3,398

Market Cap. (IDR Bn) 14,591

52-Weeks High/Low (IDR) 4000/505

3M Avg. Daily Value (IDR Bn) 52.7

Free Float (%) 35.7

Shareholder Structure:

Adi Dinamika Investindo (%) 23.9

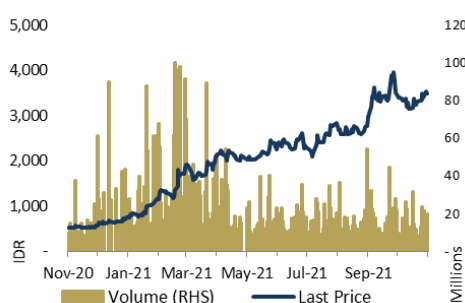
Public (%) 48.2

Daya Adicipta Mustika (%) 18.3

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	474.8	7.7	36.7	608.7
JCI Return	11.1	0.1	9.1	20.8
Relative	463.7	7.6	27.6	587.9

Stock Price & Volumes, 12M



Company Background

Berdiri sejak 2003 dan melantai di bursa pada 2012, PT Adi Sarana Armada Tbk (ASSA) memiliki bisnis yang terintegrasi dalam rantai nilai bisnis transportasi dan logistik. ASSA merupakan bagian dari Triputra Group, saat ini dipimpin oleh Prodjo Sunarjanto sebagai CEO. Manajemen ASSA telah berpengalaman terhadap bisnis transportasi, mayoritas manajemen merupakan ex direksi dari Astra International dan AUTO2000.



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Express Growth of Express Segment

ASSA posted a net profit of IDR 8 billion in 3Q21 (-7% yoy, -81% qoq). Despite the decline in net profit, the company actually recorded significant revenue growth during the period (+83% yoy, +19% qoq to IDR 1.3 trillion) driven by triple-digit growth in revenue from its car rental, used car sales, and express delivery (Anteraja) businesses. Regarding Anteraja, we expect Anteraja to record a delivery rate of 1 million parcels/day in the near future, through various collaboration initiatives and the addition of new couriers. We maintain our BUY recommendation on ASSA with TP of IDR 4,300 based on SOTP valuation.

3Q21: Triple-digit growth. In 3Q21, ASSA posted revenue growth of +83% yoy (+19% qoq) to IDR 1.3 trillion, driven by significant growth in revenue from its car rental (+136% yoy, +77% qoq), used car sales (+113 % yoy, +142% qoq), and express delivery businesses (+460%, +103% qoq). However, the surge in COGS (+102% yoy, +29% qoq to IDR 1.1 trillion) and operating expenses (+43% yoy, +15% qoq to IDR 157 billion) suppressed ASSA's operating profit (-19% yoy, - 54% qoq to IDR 50 billion). The company's net profit fell -7% yoy (-81% qoq) to IDR 8 billion. Nonetheless, ASSA posted a significant net profit growth in 9M21 (+57% yoy to IDR 80 trillion).

Increasing delivery rate through collaboration. To maintain its effectiveness during the 10.10 discount program without suddenly increasing the number of couriers, Anteraja collaborates with Gojek and Grab. This collaboration has positive benefits for Anteraja's last-mile delivery business and opens up the potential for more comprehensive collaboration in the future. By the end of September 2021, Anteraja has increased its delivery rate to 800 thousand (vs. 650 thousand in June 2021) with a total of 22,000 couriers (vs. 17,000 in June 2021). We believe that by collaborating with big players in parcel delivery and increasing the number of its couriers, we expect Anteraja to record a delivery rate of 1 million parcels/day in the near future, which will generate IDR 2.1 trillion in revenue and contribute 47% of ASSA's top line.

Maintain BUY, TP at IDR 4,300. We maintain BUY recommendation for ASSA with TP of IDR 4,300, which is calculated using SOTP method. We also revised our projection for ASSA's FY22F net profit to IDR 109 billion (+25% yoy). **Risks:** Justification of tech companies' valuations and price wars.

Forecast and Valuations (@ IDR 3,490 per share)

Y/E Dec	19A	20A	21F	22F	23F
Revenue (IDR Bn)	2,334	3,037	4,497	6,001	7,567
EBITDA (IDR Bn)	458	474	591	773	960
EV/EBITDA (x)	11.3	10.5	26.2	20.6	16.8
Net Profit (IDR Bn)	110	87	109	201	306
EPS (IDR)	33	26	32	59	90
EPS Growth (%)	(23.1)	(21.0)	24.8	85.2	51.9
P/E Ratio (x)	22.8	24.7	108.6	58.7	38.6
BVPS (IDR)	394	424	456	515	605
P/BV Ratio (x)	1.88	1.50	7.63	6.75	5.75
DPS (IDR)	-	-	-	-	-
Dividend Yield (%)	-	-	-	-	-
ROAE (%)	8.9	6.3	7.3	12.2	16.1
ROAA (%)	2.5	1.7	1.9	3.0	3.9
Interest Coverage (x)	1.4	1.2	1.4	1.7	2.0
Net Gearing (%)	2.2	2.1	2.4	2.4	2.3

Figure 1. 9M21 Results

PT Adi Sarana Armada Tbk. (ASSA IJ) (IDR Bn)	3Q20	2Q21	3Q21	QoQ (%)	YoY (%)	9M20	9M21	YoY (%)	FY19A	FY20A	YoY
Revenue	747	1,147	1,365	19.0	94.7	2,150	3,475	61.7	2,334	3,037	30.1
Operating Profit	63	109	50	(53.8)	(12.2)	206	257	25.0	351	312	(11.0)
EBITDA	201	262	214	(18.3)	0.6	643	725	12.7	458	474	3.4
Net Profit	8	40	8	(81.0)	7.5	51	80	56.7	110	87	(21.0)
EPS	2	12	2	(81.0)	7.5	15	24	56.7	33	26	(21.0)
EBITDA Margin (%)	26.9	22.9	15.7	718 bps	1117 bps	29.9	20.9	905 bps	19.6	15.6	404 bps
Operating Margin (%)	8.4	9.5	3.7	582 bps	470 bps	9.6	7.4	217 bps	15.0	10.3	475 bps
Net Margin (%)	1.1	3.5	0.6	293 bps	55 bps	2.4	2.3	7 bps	4.7	2.9	186 bps

Source: Company, SSI Research

Figure 2. Revenue Segmentation

Revenue Segmentation							
Y/E Dec (IDR Bn)	19A	20A	21F	22F	23F	24F	25F
Car Rental	1,529	1,545	1,661	1,829	2,035	2,264	2,518
Sale of Used Vehicle	409	381	403	457	518	588	666
Logistics	168	140	143	150	157	165	173
Express (Anteraja)	84	795	2,108	3,373	4,654	6,423	7,386
Auctions	143	178	183	192	202	212	223
Growth (%)							
Car Rental	18.3	1.0	7.5	10.2	11.2	11.2	11.2
Sale of Used Vehicle	25.4	(7.0)	5.9	13.4	13.4	13.4	13.4
Logistics	(14.0)	(16.8)	2.0	5.0	5.0	5.0	5.0
Express (Anteraja)	na	846.1	165.3	60.0	38.0	38.0	15.0
Auctions	194.0	24.3	3.0	5.0	5.0	5.0	5.0

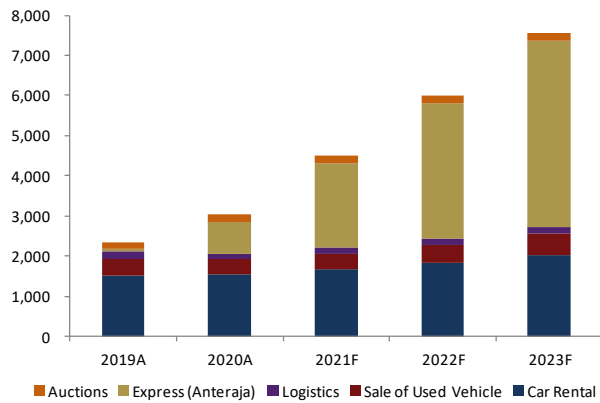
Source: Company, SSI Research

Figure 3. Changes in Estimate

	New		Old		Change (%)	
	21F	22F	21F	22F	21F	22F
Revenue (IDR Bn)	4,497	6,001	3,956	5,160	13.7	16.3
Operating Profit (IDR Bn)	393	548	510	661	(22.9)	(17.1)
EBITDA (IDR Bn)	591	773	708	886	(16.5)	(12.8)
Net Profit (IDR Bn)	109	201	144	168	(24.5)	19.9
EPS (IDR)	32	59	42	50	(24.3)	19.6
BVPS (IDR)	456	515	466	516	(2.2)	(0.1)
EV/EBITDA (x)	26.2	20.6	17.0	14.2	54.1	44.8
P/E Ratio (x)	108.6	58.7	57.9	49.4	87.6	18.7
P/BV Ratio (x)	7.6	6.8	5.3	4.7	44.0	43.7

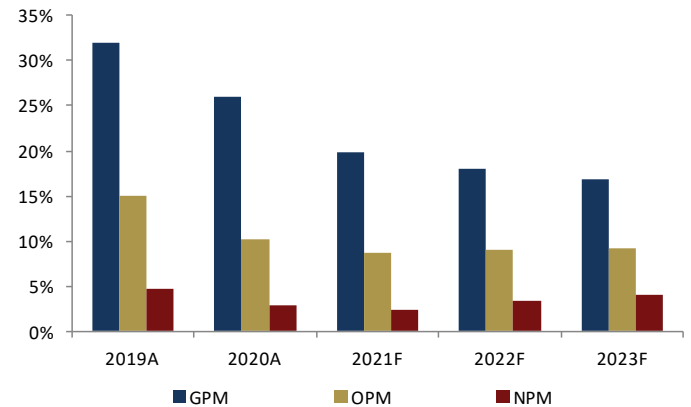
Source: SSI Research

Figure 4. Revenue Mix and Growth



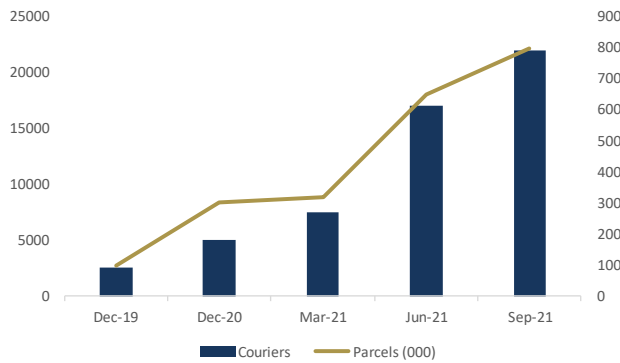
Source: Company. SSI Research

Figure 5. Profitability Margins



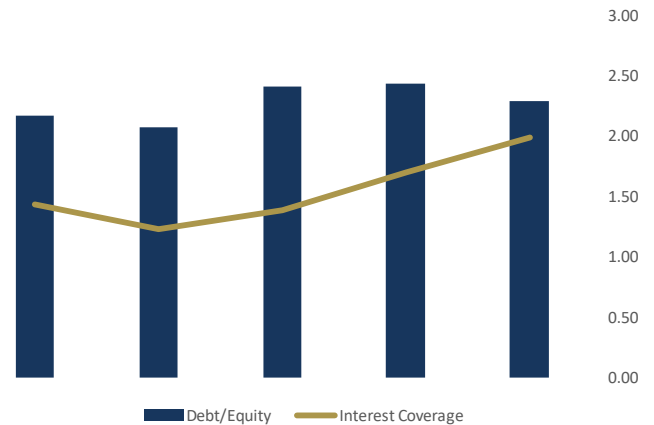
Source: Company. SSI Research

Figure 6. Parcel/Day and Number of Couriers



Source: Company

Figure 7. Gearing Ratio



Source: Company. SSI Research

Figure 8. Anteraja Pricing Comparison

IDR	Regular (2-3 Day)	Next Day	Same Day	Intercity
Anteraja	11,000	16,000	30,000	20,000
J&T Express	12,000	20,000	na	na
Sicepat	12,000	16,000	na	na
JNE	10,000	24,300	na	na
GoSend	na	na	24,300	18,000
Grab	na	na	23,000	17,000

Source: Various Sources. SSI Research

Figure 9. SOTP Valuation

Segment	Method	Fair Value IDRbn
Car Rental	DCF	1,411
Auction	EV/EBIT	107
Anteraja	DCF	2,784
ASSA's Fair Value		4,300
Share Price		3,490
Potential Upside		23.2%

Source: SSI Research

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	19A	20A	21F	22F	23F
Revenues	2,334	3,037	4,497	6,001	7,567
Cost of goods sold	(1,590)	(2,247)	(3,607)	(4,925)	(6,297)
Gross Profit	745	790	891	1,076	1,270
SGA Expense	(394)	(478)	(497)	(528)	(561)
Operating Profit	351	312	393	548	709
EBITDA	458	474	591	773	960
Finance Income	15	12	9	-	-
Finance Expenses	(244)	(254)	(280)	(320)	(352)
Pre-tax profit	117	69	119	226	353
Income Tax	(26)	(5)	(29)	(54)	(85)
Profit for Period	92	64	91	171	268
Minority Interest	19	23	18	30	38
Net Profit	110	87	109	201	306

Balance Sheet					
Y/E Dec (IDR Bn)	19A	20A	21F	22F	23F
Cash & equivalents	255	192	70	192	372
Receivables	286	338	501	668	842
Others	112	98	119	142	165
Total Current Assets	653	628	690	1,002	1,379
Net Fixed Asset	3,894	4,140	5,186	5,870	6,518
Other Non-Current Asset	303	403	403	403	403
Total Assets	4,849	5,171	6,278	7,274	8,300
ST. Bank loan	847	900	900	1,421	1,856
Payables	324	504	749	1,023	1,308
Other current Liabilities	69	33	33	33	33
Total Current Liabilities	1,240	1,437	1,682	2,477	3,197
LT. Debt	2,064	2,087	2,840	2,840	2,840
Other LT Liabilities	207	208	208	208	208
Total Liabilities	3,511	3,732	4,730	5,525	6,245
Minority Interest	146	156	156	156	156
Total Equity	1,338	1,439	1,548	1,750	2,056

Cash Flow					
Y/E Dec (IDR Bn)	19A	20A	21F	22F	23F
Net Profit	92	64	109	201	306
D&A	108	162	198	224	251
Changes in Working Capital	(38)	130	61	84	87
Operating Cash Flow	(148)	301	368	510	644
Capital Expenditure	(590)	(408)	(1,243)	(909)	(899)
Others	442	267	-	-	-
Investing Cash Flow	(148)	(141)	(1,243)	(909)	(899)
Net - Borrowing	560	77	753	521	435
Other Financing	-	-	-	-	-
Financing Cash Flow	323	(224)	753	521	435
Net - Cash Flow	28	(63)	(122)	122	180
Cash at beginning	228	255	192	70	192
Cash at ending	255	192	70	192	372

Key Ratios					
Y/E Dec (IDR Bn)	19A	20A	21F	22F	23F
Gross Profit Margin (%)	31.9	26.0	19.8	17.9	16.8
Operating Margin (%)	15.0	10.3	8.7	9.1	9.4
EBITDA Margin (%)	19.6	15.6	13.1	12.9	12.7
Pre-Tax Margin (%)	5.0	2.3	2.7	3.8	4.7
Net Profit Margin (%)	4.7	2.9	2.4	3.4	4.0
Debt to Equity (%)	34.2	30.5	33.0	32.5	31.9
Net Gearing (%)	67.2	57.7	65.1	56.8	48.9

Major Assumption					
	19A	20A	21F	22F	23F
Fleet Rental	25,964	26,278	29,169	31,502	34,022
Avg Parcel per year (millions)	23	151	400	640	883
Logistic Revenue Growth	-14%	-17%	2%	5%	5%
Auctions Revenue Growth	194%	24%	3%	5%	5%

Peers Comparison

Ticker	Name	Mkt Cap (IDRbn)	EV/EBITDA (x)		P/E (x)	
			2021F	2022F	2021F	2022F
ASSA IJ Equity	ADI SARANA ARMADA TBK PT	13,552	15.2	11.9	66.9	35.9
FDX US Equity	FEDEX CORP	942,690	8.9	8.0	12.6	11.3
UPS US Equity	UNITED PARCEL SERVICE	2,626,554	12.8	12.3	18.3	17.5
002352 CH Equity	SF HOLDING CO LTD	624,869	26.6	17.1	72.0	37.5
DPW GY Equity	Deutsche Post AG	1,142,411	7.1	7.0	14.1	13.9
002120 CH Equity	Yunda Holding	118,946	14.5	10.9	38.2	27.7
600233 CH Equity	YTO Express Group Co Ltd	100,285	13.8	10.2	30.0	21.8
ZTO US Equity	ZTO Express Cayman Inc	329,658	17.9	14.1	31.1	24.6
598 HK Equity	Sinotrans Ltd H Share	59,224	6.8	6.1	4.1	3.8
636 HK Equity	Kerry Logistics	62,532	6.7	7.8	11.5	11.8
9064 JT Equity	Yamato Holdings Co Ltd	133,962	6.2	5.6	18.2	16.4
9065 JP Equity	Sankyu Inc	39,362	5.9	5.4	12.1	10.7
9062 JP Equity	Nippom Express	85,471	5.8	5.4	15.6	11.4
Average		1,536,790	12.5	10.8	23.1	18.2

Source: SSI Research, Bloomberg (valuation at last price)

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