

Monday, 01 November 2021

HOLD
Maintain

Last price (IDR) 3,370
Target Price (IDR) 3,750
Upside/Downside +11.3%
Previous Target Price (IDR) 3,400

Stock Statistics

Sector Transportation
Bloomberg Ticker ASSA IJ
No of Shrs (mn) 3,398
Mkt. Cap (IDRbn/USDmn) 10,804/763
Avg. daily T/O (IDRbn/USDmn) 45.0/3.2

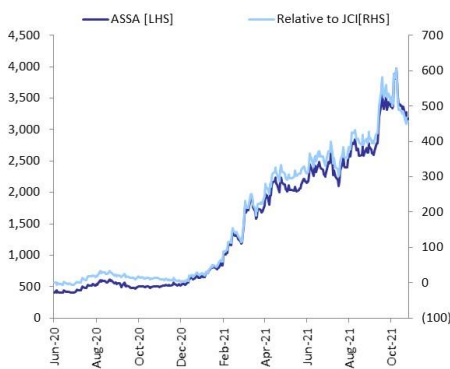
Major shareholders (%)

Adi Dinamika Investindo 25.1
Daya Adicipta Mustika 19.2
Estimated free float 35.7

EPS Consensus (IDR)

	2021F	2022F	2023F
Danareksa	64.6	118.1	176.8
Consensus	56.6	102.2	151.1
Danareksa/Cons	14.1	15.6	17.0

ASSA relative to JCI Index



Source : Bloomberg



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Adi Sarana Armada (ASSA IJ)

Remarkable revenues growth, but higher COR than expected

ASSA recorded solid 9M21 revenues growth stemming from the last-mile business, Anteraja, reaching 270%yoy and 277%qoq. However, the earnings are below our estimate and the consensus due to widening qoq operating losses. Meanwhile, the 9M21 non-delivery business showed flat growth of 1%yoy. While we think the high growth story remains intact, the next challenge for Anteraja is to address the cost structure that will lead to positive earnings. Maintain HOLD with a TP of IDR3,750.

Remarkable revenues growth but... ASSA posted consolidated revenues growth of 62%yoy mainly driven by the last-mile delivery service that grew 270%yoy. Anteraja posted the highest level of revenues so far in 3Q21, up 277%qoq, in line with the **reported high number of parcels per day delivered**. The non-delivery business posted flat growth of 1%, still dominated by vehicle leases. The strong performance in the last mile delivery service elevated ASSA's earnings by 57%yoy.

.. last-mile delivery operating loss widened. Although Anteraja showed excellent performance in 3Q21 reaching avg parcels per day of ~430k, the operating losses widened from 2Q21 which is not consistent with the management's BEP guidance of 350k deliveries per day. Nonetheless, the strong growth in the delivery service was able to maintain earnings margins in 9M21.

Necessary additional costs for the last mile delivery business. Although the cost structure for the last mile delivery business is higher than expected, we think the increase is necessary. We believe Anteraja is looking to maintain its service quality, a necessary approach to acquire more market share. We see higher revenue costs on salaries, expedition driver expenses, and courier outsourcing costs. From the increasing COR, we think that Anteraja increased its courier fleet to maintain the points delivered per day per courier at an efficient level to maintain service quality.

Maintain HOLD. We are still positive on the agile business model of Anteraja that has resulted in breakneck growth over the last three years and new initiatives supporting ecommerce are not yet fully operational, indicating that Anteraja still has huge growth potential. However, we see that Anteraja focus on service quality which comes with a higher COR than expected. Thus, we maintain our HOLD call with a TP of IDR 3,750.

Key Financials

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Revenue (IDRbn)	2,330	3,037	4,946	7,036	8,592
EBITDA (IDRbn)	873	922	1,062	1,460	1,805
EBITDA Growth (%)	10.5	5.6	15.2	37.5	23.6
Net profit (IDRbn)	110	87	219	401	601
EPS (IDR)	32.5	25.7	64.6	118.1	176.8
EPS growth (%)	(23.1)	(21.1)	151.7	83.0	49.7
BVPS (IDR)	350.8	377.8	442.4	560.5	949.2
DPS (IDR)	3.6	0.0	0.0	0.0	0.0
PER (x)	97.9	124.0	49.3	26.9	18.0
PBV (x)	9.1	8.4	7.2	5.7	3.4
Dividend yield (%)	0.1	0.0	0.0	0.0	0.0
EV/EBITDA (x)	15.4	14.7	12.7	9.2	6.8

Source : ASSA, Danareksa Estimates

Exhibit 1. Revenues and Growth

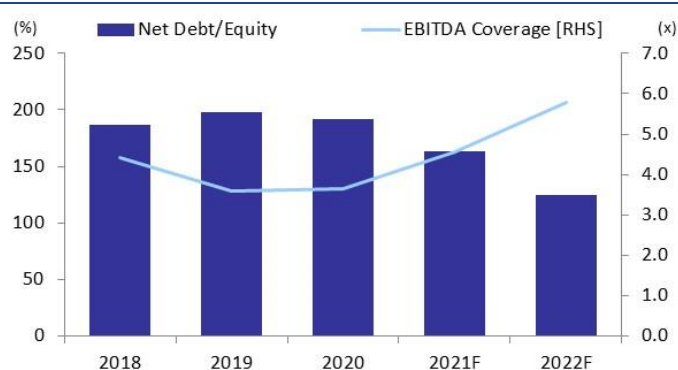

Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth


Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 3. Margins


Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 4. Gearing Level


Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 5. ASSA 9M21 Result

(All in IDR bn, otherwise stated)	3Q20	2Q21	3Q21	qoq, %	yoy, %	9M20	9M21	yoy, %	2021F*	A/F,%*	2020F**	A/C,%*
Revenue	747	1,147	1,365	19%	83%	2,150	3,475	62%	4,946	70%	4,074	85%
Gross profit	172	246	208	-16%	20%	562	675	20%	1,157	58%	997	68%
Operating profit	61	111	53	-52%	-13%	206	262	27%	533	49%	472	55%
EBITDA	199	287	197	-31%	-1%	644	733	14%	1,062	69%	947	77%
Pretax income	3	53	(5)	-109%	-241%	24	90	278%	311	29%	224	40%
Net Income	8	40	8	-81%	-7%	51	80	57%	219	37%	154	52%
Margin												
Gross profit margin (%)	23.1%	21%	15%	-6%	-8%	26%	19%	-7%	23%		24%	
Operating margin (%)	8.2%	10%	4%	-6%	-4%	10%	8%	-2%	11%		12%	
Pretax margin (%)	0.4%	5%	0%	-5%	-1%	1%	3%	1%	6%		5%	
Net margin (%)	1.1%	3%	1%	-3%	-1%	2%	2%	0%	4%		4%	
Revenue												
Passenger Vehicle lease and auto	300	315	321	2%	7%	942	948	1%	1,246	76%		
Sale of used vehicles	87	77	82	7%	-6%	287	263	-8%	405	65%		
Driver lease	69	87	78	-11%	13%	204	246	21%	314	78%		
Logistic services	31	33	34	1%	9%	108	98	-9%	119	83%		
Auction	44	43	41	-5%	-7%	124	129	3%	196	66%		
Delivery service-Anteraja	214	591	809	37%	277%	484	1,791	270%	2,667	67%		
Total Revenue	747	1,147	1,365	19.0	82.8	2,150	3,475	62%	4,946	70%		
Revenue breakdown												
Passenger Vehicle lease and auto	40%	27%	24%			44%	27%					
Sale of used vehicles	12%	7%	6%			13%	8%					
Driver lease	9%	8%	6%			9%	7%					
Logistic services	4%	3%	2%			5%	3%					
Auction	6%	4%	3%			6%	4%					
Delivery service-Anteraja	29%	52%	59%			23%	52%					

* analyst number

** consensus number

Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 6. Income Statement

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Revenue	2,330	3,037	4,946	7,036	8,592
COGS	(1,590)	(2,247)	(3,788)	(5,412)	(6,506)
Gross profit	740	790	1,157	1,624	2,086
EBITDA	873	922	1,062	1,460	1,805
Oper. profit	349	313	533	859	1,179
Interest income	15	12	9	39	61
Interest expense	(244)	(254)	(234)	(253)	(273)
Forex Gain/(Loss)	(1)	1	0	0	0
Income From Assoc. Co's	(1)	(3)	0	0	0
Other Income (Expenses)	(1)	0	2	2	2
Pre-tax profit	117	68	311	647	969
Income tax	(26)	(5)	(68)	(142)	(213)
Minority interest	19	23	(23)	(104)	(155)
Net profit	110	87	219	401	601
Core Net Profit	111	86	219	401	601

Exhibit 7. Balance Sheet

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Cash & cash equivalent	255	192	815	1,255	2,532
Receivables	299	355	347	493	602
Inventory	25	6	64	92	111
Other Curr. Asset	75	75	103	147	179
Fixed assets - Net	3,894	4,060	4,273	4,471	4,708
Other non-curr.asset	303	483	452	460	467
Total asset	4,849	5,171	6,055	6,918	8,598
ST Debt	847	873	139	864	749
Payables	207	253	256	269	283
Other Curr. Liabilities	187	311	391	540	643
Long Term Debt	2,064	2,077	3,393	2,968	3,326
Other LT. Liabilities	207	218	218	218	218
Total Liabilities	3,511	3,732	4,396	4,858	5,217
Shareholder's Funds	1,192	1,284	1,503	1,904	3,225
Minority interests	146	156	156	156	156
Total Equity & Liabilities	4,849	5,171	6,055	6,918	8,598

Exhibit 8. Cash Flow

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Net income	110	87	219	401	601
Depreciation and Amort.	524	609	528	601	625
Change in Working Capital	(36)	(6)	(47)	(160)	(114)
Other Oper. Cash Flow	27	53	52	105	70
Operating Cash Flow	625	743	752	947	1,182
Capex	(994)	(860)	(710)	(807)	(869)
Others Inv. Cash Flow	(156)	(8)	0	0	0
Investing Cash Flow	(1,149)	(868)	(710)	(807)	(869)
Net change in debt	440	42	581	300	243
New Capital	89	26	0	0	720
Dividend payment	0	(12)	0	0	0
Other Fin. Cash Flow	22	7	0	0	0
Financing Cash Flow	551	62	581	300	963
Net Change in Cash	27	(63)	624	440	1,276
Cash - begin of the year	228	255	192	815	1,255
Cash - end of the year	255	192	815	1,255	2,532

Exhibit 9. Key Ratios

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Growth (%)					
Sales	25.0	30.4	62.8	42.3	22.1
EBITDA	10.5	5.6	15.2	37.5	23.6
Operating profit	(2.0)	(10.4)	70.4	61.0	37.4
Net profit	(23.1)	(21.1)	151.7	83.0	49.7
Profitability (%)					
Gross margin	31.8	26.0	23.4	23.1	24.3
EBITDA margin	37.5	30.3	21.5	20.7	21.0
Operating margin	15.0	10.3	10.8	12.2	13.7
Net margin	4.7	2.9	4.4	5.7	7.0
ROAA	2.5	1.7	3.9	6.2	7.7
ROAE	9.7	7.0	15.7	23.6	23.4
Leverage					
Net Gearing (x)	2.0	1.9	1.6	1.3	0.5
Interest Coverage (x)	1.4	1.2	2.3	3.4	4.3

Source : ASSA, Danareksa Estimates

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