

Putra Rajawali Kencana Tbk (PURA)

Addressing the High Costs of Logistics

PURA posted a solid financial performance throughout 2020, marked by an increase in revenue (+8.5% yoy) and net profit (+32% yoy). The company will become an important player in the national logistics ecosystem, as a solution to the high cost of logistics in Indonesia. By continuing its fleet expansion plan and applying operational cost efficiencies, the company aims for high performance growth to continue.

Solid Financial Performance amidst the Pandemic

- PURA posted solid financial performance throughout the pandemic year in 2020, which was highlighted by an increase in revenue of 8.5% to IDR 96 billion (vs IDR 88.5 billion in FY19). On the other hand, COGS also increased by 8.2% to IDR 76.6 billion.
- In terms of profitability, the company was able to record EBITDA margin growth to 31% (vs 27% FY19). Meanwhile, bottom line also experienced a significant increase with net profit rose to Rp. 6.7 billion; or grew by 32% from previous year.
- The successful IPO in early 2020 is having a positive impact on PURA's balance sheet. This is indicated by a decrease in Debt / Equity ratio from 0.2x to 0.09x. In our view, this low-debt level provides the company with financial flexibility in executing its expansion plans and seize more opportunities in the future.

Focus on Addressing the High Costs of Logistics

- High logistics costs are still one of the factors preventing the entry of investment into Indonesia, accounting for 23.5% of total GDP. This figure is higher than other countries in Southeast Asia such as: Vietnam (20% of GDP), Thailand (15%), Malaysia (13%), and Singapore (8%).
- At the company level, logistics costs can reach 60% of the total COGS. As an illustration, the average logistics costs between provinces are around IDR 3-4 million. Meanwhile, inter-island logistics costs that require sea transportation can cost on average between IDR 10-15 million.
- In line with the establishment of the National Logistics Ecosystem by the government, PURA will also play an important role in logistics cost efficiency. One of the company's advantages is the synergy it has with its sister company, PT Rajawali Dwiputra Indonesia, which already has a multimodal license. With this permit, the transportation of goods using two different modes of transportation can be carried out on the basis of 1 document as a contract.
- The synergy with its business group also allows PURA to provide one-stop solution services for end-to-end delivery of goods, both in the form of cargo and raw materials.
- There are several other strategic steps taken by the company to further boosts performance, such as: Increasing the number of fleets, selecting the right assets from both the fleet and human capital, the use of technology for logistics, business, and efficiency measures in operating costs through fleet rejuvenation.

Putra Rajawali Kencana Tbk | Summary (IDR bn)

in IDR bn	2018/12A	2019/12A	2020/12A	2021/12E
Sales	34.9	88.5	96.0	144.0
<i>Sales growth</i>	34.1%	153.2%	8.5%	50.0%
Net profit	1.2	5.1	6.7	12.0
<i>Net profit growth</i>	139.9%	313.6%	32.3%	79.3%
EPS (IDR)	0.3	1.4	1.2	2.1
ROE	4.6%	2.8%	1.6%	2.8%
EV/EBITDA	N/A	N/A	24.2x	32.0x
P/E	N/A	N/A	104.6x	83.0x
P/BV	N/A	N/A	1.7x	2.4x
DER	1.0x	0.2x	0.0x	0.1x
<i>Dividend yield</i>	N/A	N/A	N/A	N/A

Source: Company Data, Bloomberg, NHKSI Research
Please consider the rating criteria & important disclaimer



Company Report | 1 April 2021

Not Rated

Target Price (IDR)

N/A

Consensus Price (IDR)

-

TP to Consensus Price

-

vs. Last Price

-

Shares data

Last Price (IDR)	103
Price date as of	Mar 31, 2021
52 wk range (Hi/Lo)	177 / 67
Free float (%)	38.3
Outstanding sh.(mn)	5,769
Market Cap (IDR bn)	594.2
Market Cap (USD mn)	40.7
Avg. Trd Vol - 3M (mn)	550.7
Avg. Trd Val - 3M (bn)	64.4
Foreign Ownership	0.0%

Transportation

Logistic Services

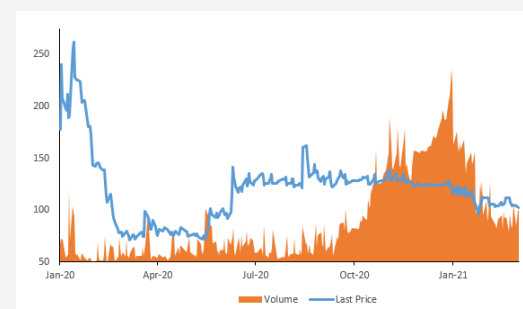
Bloomberg

PURA IJ

Reuters

PURA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-16.3%	-8.0%	-16.3%	28.8%
Rel. Ret.	-17.8%	-5.3%	-17.8%	-8.8%

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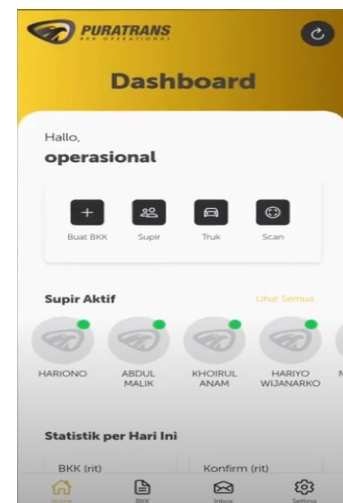
Continue with Fleet Expansion Plan

- In order to boost its market, the company will continue with fleet expansion plan which was delayed due to the Covid-19 pandemic. At the end of 2020, the company's total fleet has reached 205 units.
- PURA plans to add 155 new units this year. The additions will be made gradually in each quarter with details: 17 units in March, 39 units (June), 24 units (September), and 75 units (December).
- Fleet expansion will focus on five types of shipments, namely: energy industry raw materials (oleochemical), pharmaceutical raw materials (glycerine), crude palm oil (CPO), agricultural products and finished goods.
- We see that the addition of the fleet will have a positive impact on the company's revenue, with the impact of the increase being optimally reflected in 2022.



Increasing the Use of Technology in the Logistics Business

- PURA is increasing the use of technology to its logistics business as an effort to achieve efficiency. The company will develop a multimodal operational technology system, in paving the way to become an interlogistic 4.0 company
- Currently, the company has a Driver Management System (DMS) application that features GPS, tracking delivery documents, updating the latest status on the routes, and a digital wallet for drivers. This application has been awarded the Internal Process Innovation category at the 2020 IDX Channel Anugerah Inovasi Indonesia (ICAAI) event.

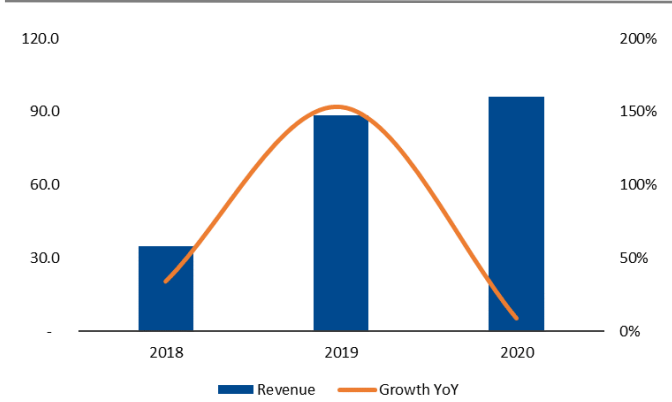


Performance Growth has Potential to Raise Share Price

- PURA's management is targeting high growth to continue in 2021, in terms of revenue and net profit by 50% and 100%, respectively. This optimism is supported by the additions of truck fleet which was delayed after the company's IPO at the beginning of last year.
- PURA also has several corporate action plans that have the potential to further increase its company value. One of them is through the planned acquisition of PT Rajawali Dwiputra Indonesia. Management will review this plan by considering developments in the handling of the Covid-19 pandemic.
- For 2021, we project PURA's revenue and profit to reach Rp 144 billion and Rp 12 billion. Our estimations consider the addition of a new fleet, coupled operating cost efficiency measures. PURA's performance will be further boosted in 2022, when the entire fleet has been fully operational.
- We see that the current share price does not fully reflect the company's value, where currently PURA shares are valued at around 1.4x PBV (below the industry average of 3.6x). We estimate the intrinsic value of PURA at IDR 182 / share, assuming a WACC of 8.2% and a terminal growth of 5%.

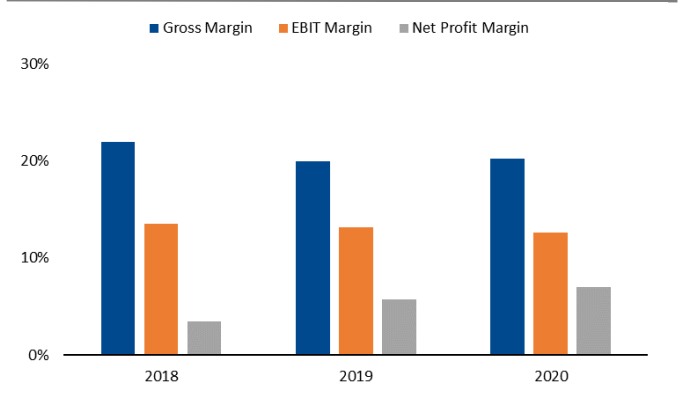
Performance Highlights

PURA's Revenue FY18-FY20 (IDR Bn)



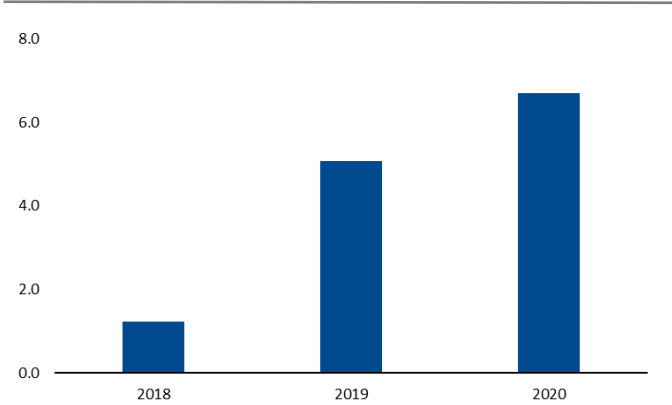
Source: Company, NHKSI Research

Margin Ratios (%)



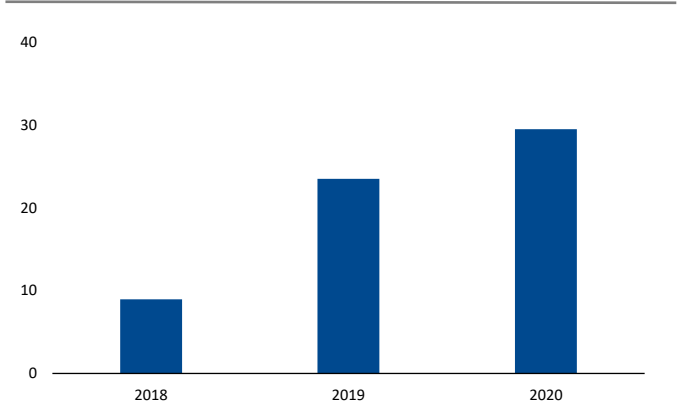
Source: Company, NHKSI Research

PURA's Net Profit (IDR Bn)



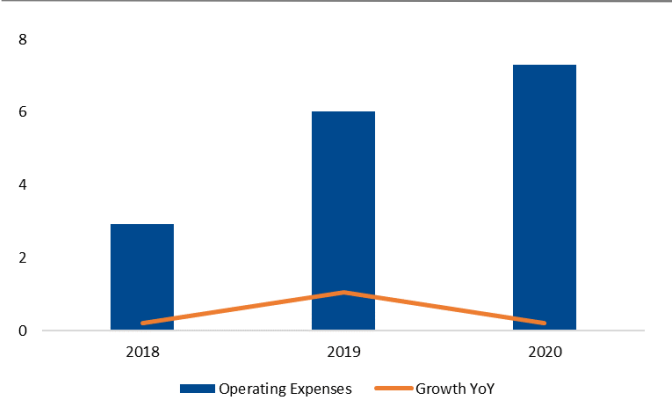
Source: Company, NHKSI Research

PURA's EBITDA (IDR Bn)



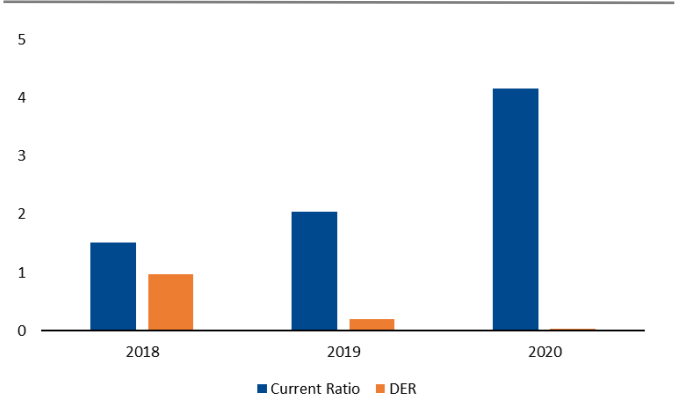
Source: Company, NHKSI Research

PURA's Operating Expenses (IDR Bn)



Source: Company, NHKSI Research

Current Ratio and DER FY18-FY20



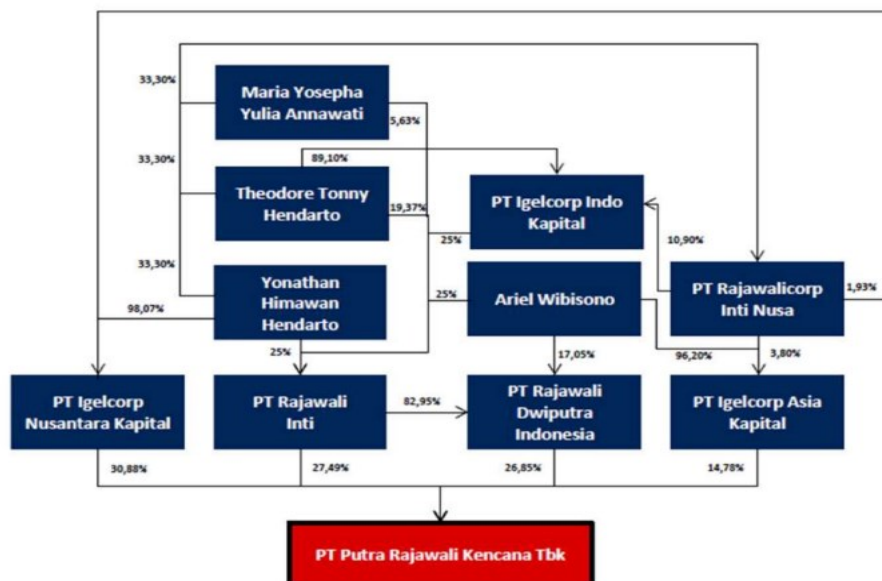
Source: Company, NHKSI Research

Company Overview



PT. Putra Rajawali Kencana Tbk (PURA) or better known as Pura Trans was established in Surabaya on April 17, 2012. The company is engaged in transportation management services, which includes shipping and packing large volumes of goods, via rail, land transportation, sea transportation, as well as air transportation. The company also carries out rental and leasing activities without an option right (operational leasing) of all types of land transportation without an operator, such as cars, trucks and cranes.

Shareholder Information



Source: Company Data

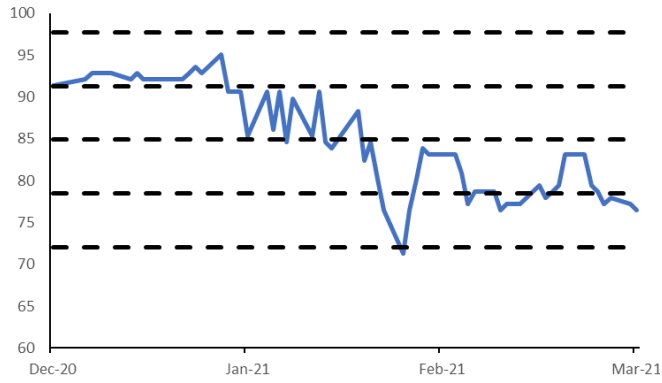
Peers Comparison (As of 31 March 2021)

Company	Ticker	Market Cap (IDR Mn)	Total Assets (IDR Mn)	Net Income LTM (IDR Mn)	ROE (%)	P/E (x)	P/B (x)	EV/EBITDA (x)
PT PUTRA RAJAWALI KENCANA TBK	PURA IJ	588,443	453,512	6,769	2.28	76.47	1.42	20.49
PT BATAVIA PROSPERINDO TRANS TBK	BPTR IJ	141,050	508,609	4,321	0.79	79.28	0.62	4
PT SIDOMULYO SELARAS TBK	SDMU IJ	56,761	182,220	-65,427	-72.67	N/A	12.95	N/A
PT TRIMUDA NUANSA CITRA TBK	TNCA IJ	156,850	52,532	1,301	3.11	119.22	3.64	47.75
PT TRANSKON JAYA TBK	TRJA IJ	253,714	545,152	30,404	22.72	N/A	N/A	2.54
PT GUNA TIMUR RAYA TBK	TRUK IJ	92,220	88,325	-4,417	-6.43	N/A	1.43	16.35
PT ADI SARANA ARMADA TBK	ASSA IJ	5,741,775	4,812,254	72,211	6.11	N/A	4.68	10.11
PT INDOMOBIL MULTI JASA TBK	IMJS IJ	2,873,236	24,477,379	-53,152	-1.62	N/A	0.87	23.32

Source: Bloomberg, NHKSI Research

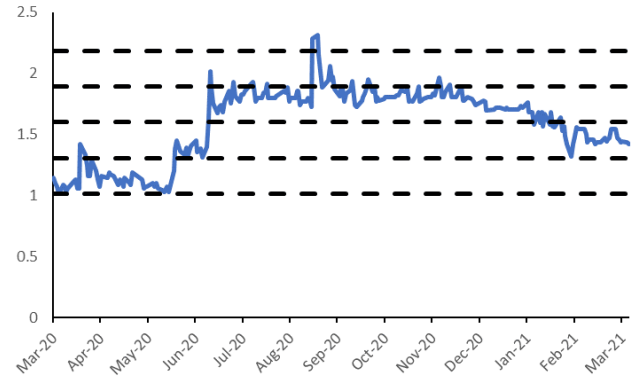
Valuation Charts

P/E Ratio Band



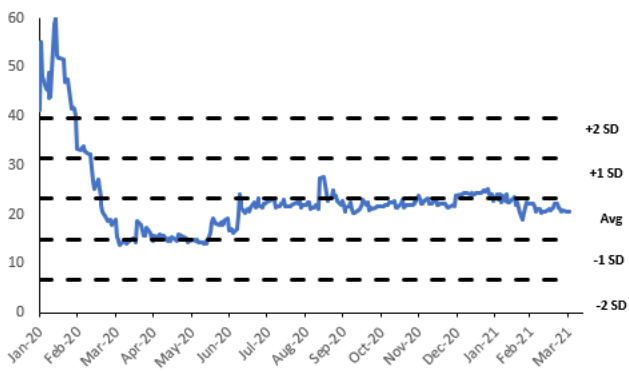
Source: Bloomberg, NHKSI Research

P/BV Band



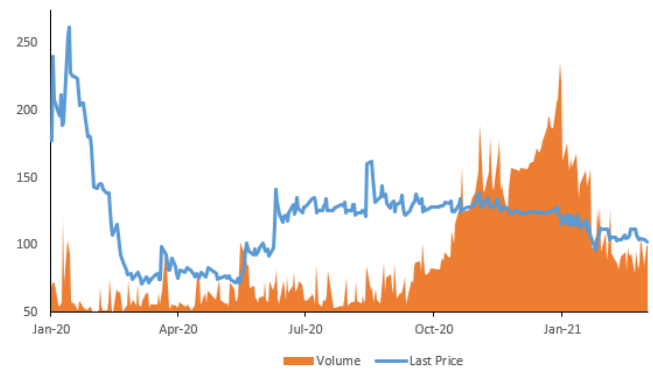
Source: Bloomberg, NHKSI Research

EV/ EBITDA Ratio



Source: Bloomberg, NHKSI Research

Share Price Performance



Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2018/12A	2019/12A	2020/12A	2021/12E		2018/12A	2019/12A	2020/12A	2021/12E
Net Sales	34.9	88.5	96.0	144.0	ROE	4.6%	2.8%	1.6%	2.8%
<i>Growth</i>	34.1%	153.2%	8.5%	50.0%	ROA	2.2%	2.3%	1.5%	2.6%
COGS	(27.3)	(70.8)	(76.6)	(115.2)	Inventory Turnover	59.2x	126.2x	242.4x	182.5x
Gross Profit	7.7	17.7	19.4	28.8	Receivable Turnover	4.0x	4.1x	2.2x	2.6x
<i>Gross Margin</i>	21.9%	20.0%	20.2%	20.0%	Payables Turnover	20.1x	62.0x	100.3x	91.3x
Operating Expenses	(2.9)	(6.0)	(7.3)	(10.9)	Dividend Yield	N/A	N/A	N/A	N/A
EBIT	4.7	11.7	12.1	17.9	Payout Ratio	N/A	N/A	N/A	N/A
<i>EBIT Margin</i>	13.5%	13.2%	12.6%	12.4%	DER	1.0x	0.2x	0.0x	0.1x
Depreciation	4.2	11.9	17.4	14.4	Net Gearing	1.0x	0.2x	0.1x	0.1x
EBITDA	9.0	23.5	29.5	32.2	Equity Ratio	48.3%	81.8%	90.7%	89.8%
<i>EBITDA Margin</i>	25.7%	26.6%	30.7%	22.4%	Debt Ratio	46.9%	16.9%	3.6%	4.5%
Interest Expenses	(3.0)	(4.6)	(4.6)	(3.7)	Financial Leverage	222.0%	133.0%	114.0%	110.9%
EBT	1.7	6.7	8.8	16.1	Current Ratio	151.7%	203.7%	322.8%	348.0%
Income Tax	(0.5)	(1.7)	(2.1)	(4.1)	Quick Ratio	1.5x	2.0x	3.2x	3.4x
Minority Interest	-	-	-	-	Par Value (IDR)	50	50	50	50
Net Profit	1.2	5.1	6.7	12.0	Total Shares (mn)	3,501	3,501	5,656	5,762
<i>Growth</i>	139.9%	313.6%	32.3%	79.3%	Share Price (IDR)	-	-	123	175
<i>Net Profit Margin</i>	3.5%	5.7%	7.0%	8.3%	Market Cap (IDR tn)	-	-	0.7	1.0

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2018/12A	2019/12A	2020/12A	2021/12E		2018/12A	2019/12A	2020/12A	2021/12E
Cash	7.3	12.9	27.4	31.0	Price /Earnings	N/A	N/A	104.6x	83.0x
Receivables	8.2	35.3	52.8	57.7	Price /Book Value	N/A	N/A	1.7x	2.4x
Inventories	0.7	0.7	0.1	1.2	PE/EPS Growth	N/A	N/A	3.2x	1.0x
Total Current Assets	33.0	51.3	82.0	91.9	EV/EBITDA	N/A	N/A	24.2x	32.0x
Net Fixed Assets	21.0	162.6	192.4	208.3	EV/EBIT	N/A	N/A	59.0x	57.8x
Other Non Current Assets	0.5	8.1	179.1	170.1	EV (IDR bn)	N/A	N/A	714	1,033
Total Non Current Asset	21.5	170.7	371.5	378.4	Sales CAGR (3-Yr)	N/A	N/A	54.5%	60.3%
Total Assets	54.6	221.9	453.5	470.3	Net Income CAGR (3-Yr)	N/A	N/A	0.0%	0.0%
Payables	1.9	0.9	1.0	1.5	Basic EPS (IDR)	0	1	1	2
ST Bank Loan	19.6	22.6	-	-	BVPS (IDR)	7.53	51.84	72.70	73.27
Total Current Liabilities	21.8	25.2	25.4	26.4	DPS (IDR)	N/A	N/A	N/A	N/A
LT Debt	6.0	14.8	16.3	21.1					
Total Liabilities	28.2	40.4	42.3	48.1					
Capital Stock & APIC	25.2	175.3	398.2	398.2					
Retained Earnings	1.2	6.2	13.0	24.0					
Shareholders' Equity	26.4	181.5	411.2	422.2					

CASH FLOW STATEMENT					OWNERSHIP				
(IDR bn)	2018/12A	2019/12A	2020/12A	2021/12E					
Operating Cash Flow	6.8	(10.1)	8.5	21.1	Shareholders				%
Investing Cash Flow	(5.9)	(51.9)	(217.9)	(21.3)	Igelcorp Nusantara Capital				18.8
Financing Cash Flow	4.1	67.6	223.9	4.8	Rajawali Inti				16.7
Net Changes in Cash	4.9	5.6	14.5	4.6	Rajawali Dwiputera Indonesia				16.3
					Igelcorp Asia Capital				9.0
					By Geography				%
					Indonesia				100.0

Source: Bloomberg, Company, NHKSI research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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