

# Erajaya Swasembada Tbk (ERAA)

## Melanjutkan Jalur Pertumbuhan

ERAA mencatatkan pertumbuhan kinerja yang positif dalam penjualan selama 3Q21, yang didukung oleh semua segmen bisnis. Kami tetap optimis dengan ERAA karena strateginya untuk memperkuat portofolio F&B dan ekspansi yang agresif.

### Penjualan tetap tinggi di 3Q21

- ERAA membukukan laba bersih 3Q21 sebesar IDR186 miliar (-1,2% YoY), meskipun penjualan kuat sebesar IDR9,8 triliun (+12,9% YoY). Kami percaya bahwa pertumbuhan penjualan yang mengesankan disebabkan oleh rendahnya basis pada tahun lalu.
- Meskipun pemerintah telah menerapkan PPKM yang lebih ketat selama 3Q, menurut kami langkah ini berdampak kecil pada penjualan secara keseluruhan.
- Semua segmen bisnis mencatat pertumbuhan YoY yang cukup baik, dengan telepon seluler dan aksesoris masing-masing mencatat pertumbuhan 15,7% YoY dan 26,7% YoY.
- Sementara itu, COGS melampaui penjualan sebesar IDR8,9 triliun (+14,4% YoY), membawa ERAA dengan laba kotor sedikit lebih rendah sebesar IDR834 miliar (-1,2 YoY).
- Selain itu, ERAA juga mengalami kenaikan SG&A sebesar IDR616 miliar (+5,1% YoY), yang menyebabkan semua margin menjadi lebih rendah dengan GPM, OPM, dan NPM masing-masing sebesar 8,5%, 2,8% dan 1,9% (3Q20: 9,7%, 3,4 %, dan 2,2%).
- Secara kumulatif, ERAA mencapai penjualan sebesar IDR31,2tn (+34,6% YoY), mewakili 72%/74% dari perkiraan kami dan konsensus.

### Pertumbuhan yang kuat dengan visibilitas ke depan

- Kami melihat perusahaan sudah menyiapkan beberapa strategi inisiatif untuk meningkatkan kinerjanya ke depan, termasuk kemitraan eksklusif dengan toko roti berbasis Korea Selatan.
- Kemitraan ini bertujuan untuk memperkuat portofolio F&B dan memungkinkan perusahaan untuk mendiversifikasi aliran pendapatannya.
- Selain itu, ERAA telah melanjutkan rencana ekspansi yang agresif dengan berhasil membuka 94 toko di 3Q, jumlah pembukaan toko tertinggi sejak pandemi dimulai. Ini dapat terlihat sebagai pertumbuhan *top-line* yang lebih tinggi setelah kondisi makro relatif stabil.
- Berdasarkan perincian segmen di 3Q, penjualan telepon seluler mencatatkan penjualan sebesar IDR7,6 miliar meskipun ada sedikit penurunan volume dan ASP.
- Namun, kami relatif optimis produk unggulan baru akan berkontribusi besar terhadap pertumbuhan pendapatan yang akan datang.
- Berdasarkan pemeriksaan kami ke beberapa toko ERAA di wilayah Jakarta selama PPKM diturunkan, kami melihat peningkatan *traffic* toko, yang merupakan pertanda baik.

### Valuasi

- Kami mempertahankan rekomendasi BUY untuk ERAA dengan TP IDR850/saham mengingat optimisnya prospek belanja di waktu liburan dan pemulihan daya beli.
- Risiko utama rekomendasi kami: rendahnya antusiasme pada peluncuran produk baru, perubahan kebiasaan belanja konsumen, dan depresiasi mata uang Rupiah.

### Erajaya Swasembada Tbk | Summary (IDR bn)

	2020	2021E	2022F	2023F
Sales	34,113	43,386	48,117	54,020
Growth	3.5%	27.2%	10.9%	12.3%
Net Profit	612	1,249	1,726	2,053
Growth	107.4%	104.1%	38.1%	19.0%
EPS (IDR)	38	78	108	128
P/E	11.5x	10.9x	7.9x	6.6x
P/BV	1.2x	2.0x	1.7x	1.4x
EV/EBITDA	5.8x	6.2x	4.2x	3.0x
ROE	11.5%	20.2%	23.6%	23.4%
DER	33.0%	24.0%	22.0%	16.0%
Dividend Yield	0.00%	1.63%	2.56%	3.05%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## BUY

Target Price (IDR)	850
Consensus Price (IDR)	875
TP to Consensus Price	-2.9%
vs. Last Price	36.0%

### Shares data

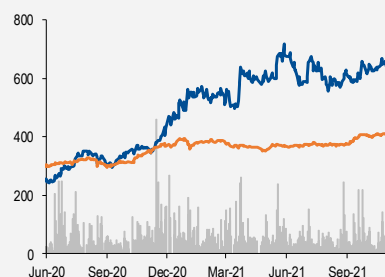
Last Price (IDR)	625
Price Date as of	Nov 29, 2021
52 wk Range (Hi/Lo)	720/351
Free Float (%)	45.20
Outstanding sh.(mn)	15.95
Market Cap (IDR bn)	9,968
Market Cap (USD mn)	696
Avg. Trd Vol - 3M (mn)	106.81
Avg. Trd Val - 3M (bn)	66,05
Foreign Ownership	10.2%

### Consumer Cyclical

#### Retail Trade

Bloomberg	ERAA IJ
Reuters	ERAA.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	42.0%	-3.8%	8.7%	81.7%
Rel. Ret.	31.5%	-4.1%	0.0%	63.9%

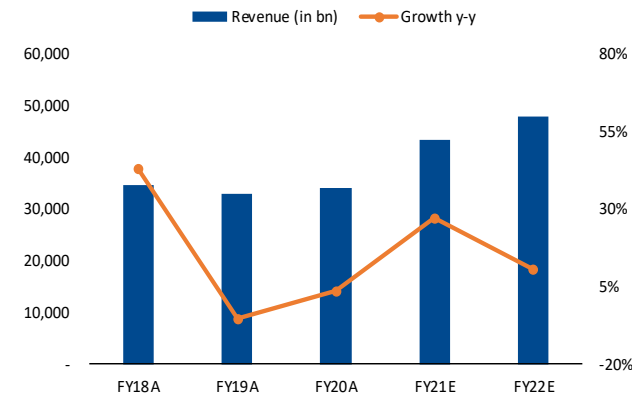
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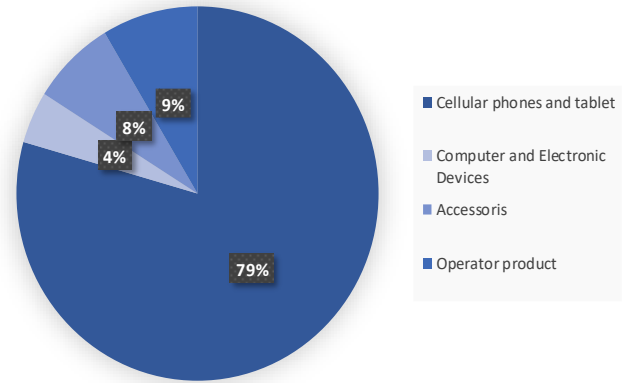
# Performance Highlights

## ERAA's FY18A—FY22E Revenue



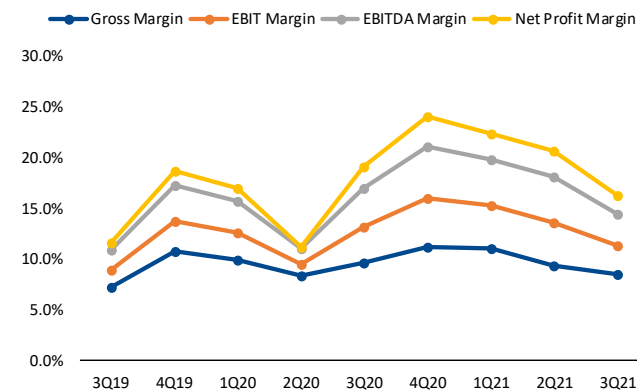
Source: Company, NHKSI Research

## ERAA's Revenue Breakdown



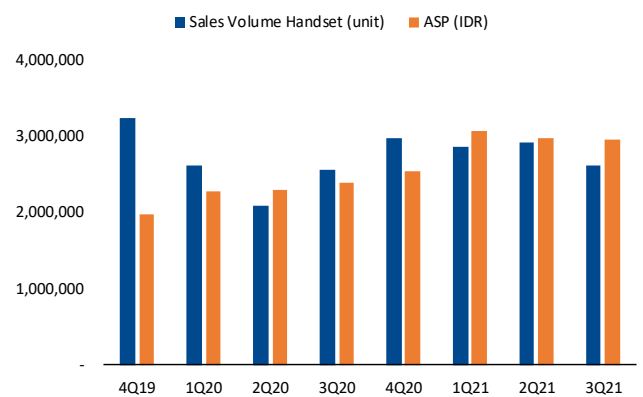
Source: Company, NHKSI Research

## ERAA's Margin Ratios



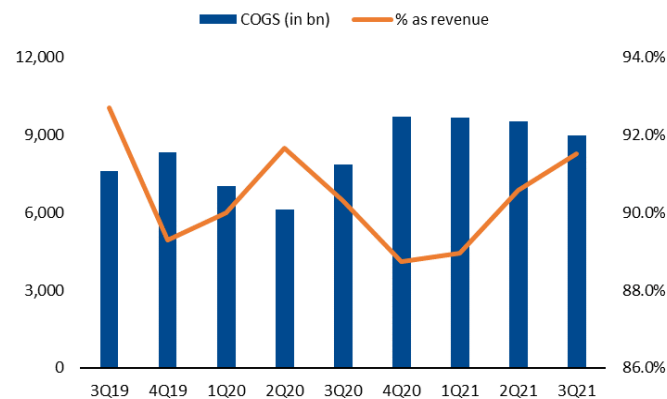
Source: Company, NHKSI Research

## ERAA's ASP and Volume Handset



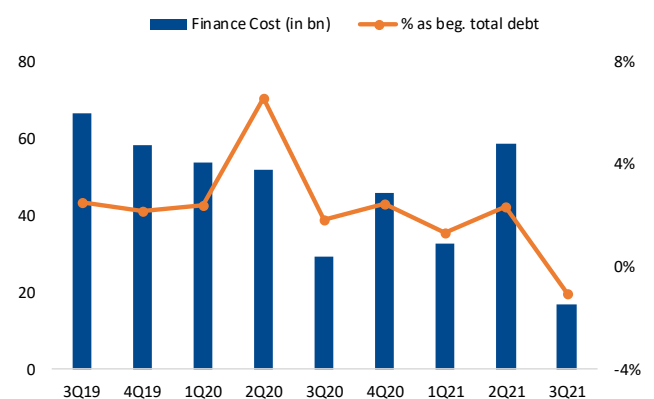
Source: Company, NHKSI Research

## ERAA's COGS



Source: Company, NHKSI Research

## ERAA's Finance Cost (in Bn)



Source: Bloomberg, NHKSI Research

## Company Overview



Didirikan pada 1996, PT Erajaya Swasembada Tbk (ERAA) merupakan distributor dan peritel terbesar perangkat telekomunikasi selular, produk IoT, gadget, aksesoris. ERAA juga menawarkan layanan produk value added services, seperti layanan perlindungan ponsel melalui TecProtec dan layanan pembiayaan ponsel yang bekerjasama dengan perusahaan multifinance. Sampai saat ini, ERAA memiliki pangsa pasar ~35% di Indonesia dengan lebih dari 1.100 gerai, 83 pusat distribusi dan kerja sama dengan ~60.000 reseller pihak ketiga. Sebagai peritel ponsel pintar terbesar, ERAA aktif menggelar acara edukatif mengenai produk-produk gawai sebagai kegiatan promosi seperti iBoxing Week, Gadget Invasion Week, Indocomtech, Pekan Raya Jakarta. Pada 2019, Samsung yang bekerja sama dengan Erajaya Group menggelar Galaxy Land untuk pertama kalinya.

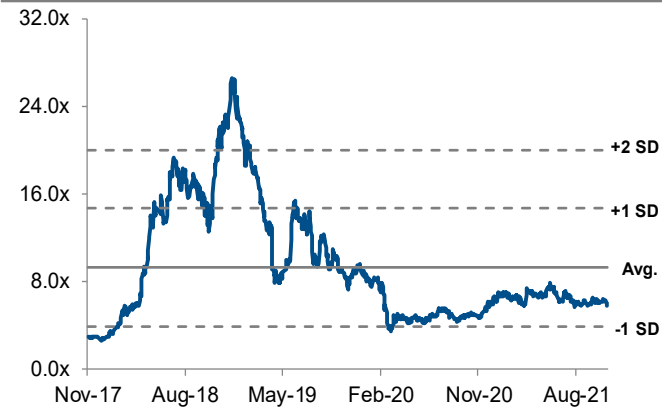
### Retail Companies Peers Analysis

	Market Cap	Total Asset	Sales Growth LTM	Gross Margin LTM	Operating Margin LTM	Net Profit Growth LTM	ROE LTM	P/E LTM	Dividend Yield
<b>Indonesia</b>									
ERAJAYA SWASEMBADA	696	805	3.5%	10.0%	3.2%	144.0%	18.9%	9.7x	2.2%
<b>Hong Kong</b>									
CHINA MOBILE	122,990	264,720	3.0%	90.5%	14.7%	4.6%	9.7%	7.1x	7.2%
<b>Japan</b>									
YAMADA DENKI	3,438	11,324	8.7%	29.7%	5.3%	99.7%	9.7%	5.5x	4.4%
NOJIMA CORP	1,002	3,076	-0.1%	30.3%	6.5%	-45.9%	19.6%	4.5x	2.1%

Source: Bloomberg, NHKSI research

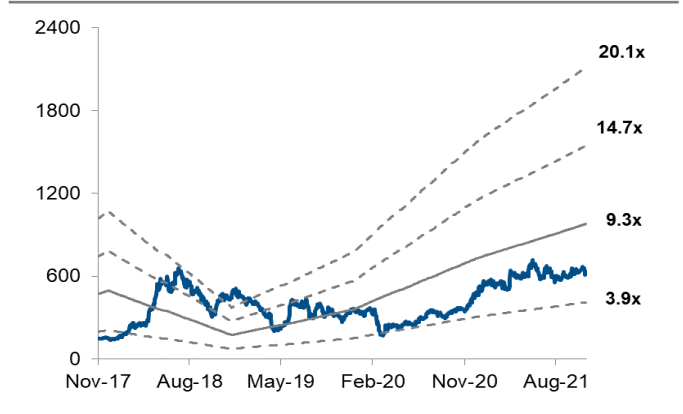
## Valuation Highlight in Charts

Forward P/E band | Last 3 years



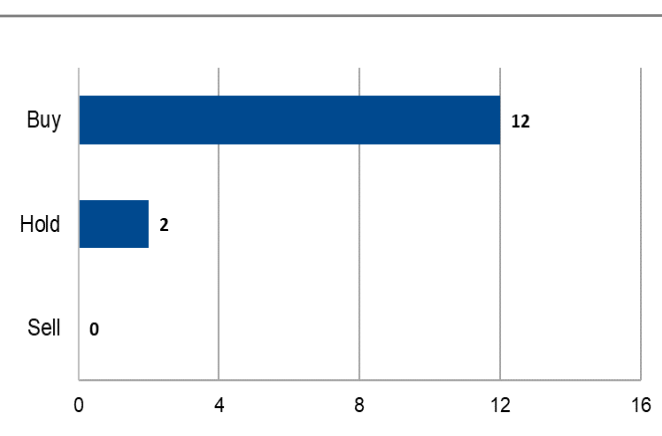
Source: NHKSI research

Dynamic Forward P/E band | Last 3 years



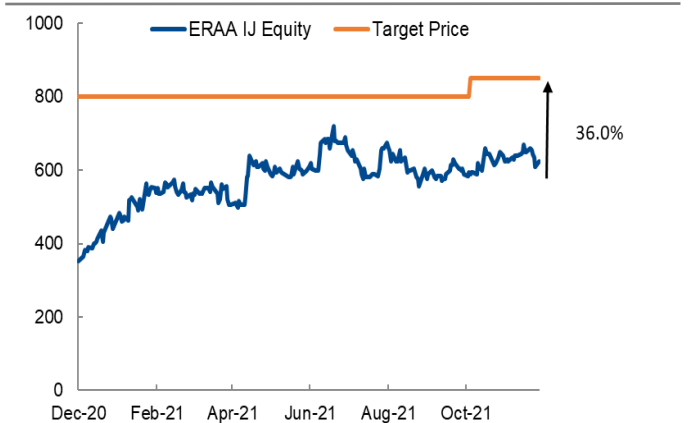
Source: NHKSI research

Recommendations by Analysts



Source: Bloomberg, NHKSI research

Closing and Target Price Update



Source: Bloomberg, NHKSI research

## Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
2021.08.26	Buy	IDR850 (12M)	IDR580	IDR800	+46.6%	+6.3%
2021.06.30	Buy	IDR800 (12M)	IDR675	IDR742	+18.5%	+7.8%
2020.02.17	Buy	IDR2,000 (12M)	IDR1,620	IDR1,982	+23.4%	+0.9%
2020.07.01	Buy	IDR1,400 (12M)	IDR1,215	IDR1,200	+15.2%	+16.6%

Source: NHKSI research, Bloomberg

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
<b>Sales</b>	<b>34,113</b>	<b>43,386</b>	<b>48,117</b>	<b>54,020</b>
<i>Growth</i>	3.5%	27.2%	10.9%	12.3%
COGS	(30,703)	(39,144)	(43,306)	(48,618)
<b>Gross Profit</b>	<b>3,410</b>	<b>4,243</b>	<b>4,812</b>	<b>5,402</b>
<i>Gross Margin</i>	10.0%	9.8%	10.0%	10.0%
Operating Expenses	(2,552)	(2,534)	(2,484)	(2,585)
<b>EBIT</b>	<b>1,103</b>	<b>1,887</b>	<b>2,600</b>	<b>3,080</b>
<i>EBIT Margin</i>	3.2%	4.4%	5.4%	5.7%
Depreciation	133	249	267	305
<b>EBITDA</b>	<b>1,236</b>	<b>2,136</b>	<b>2,867</b>	<b>3,385</b>
Interest Expenses	(191)	(146)	(155)	(164)
<b>EBT</b>	<b>917</b>	<b>1,755</b>	<b>2,445</b>	<b>2,916</b>
Income Tax	(246)	(399)	(550)	(659)
Minority Interest	(59)	(107)	(170)	(204)
<b>Net Profit</b>	<b>612</b>	<b>1,249</b>	<b>1,726</b>	<b>2,053</b>
<i>Growth</i>	107.4%	104.1%	38.1%	19.0%
<i>Net Profit Margin</i>	1.8%	2.9%	3.6%	3.8%

### PROFITABILITY & STABILITY

	2020/12A	2021/12F	2022/12F	2023/12F
ROE	11.5%	20.2%	23.6%	23.4%
ROA	5.8%	10.3%	12.3%	12.7%
Inventory Turnover	8.8x	11.0x	10.7x	11.4x
Receivable Turnover	33.2x	45.6x	52.1x	60.8x
Payable Turnover	17.4x	17.4x	16.0x	15.3x
Dividend Yield	0.00%	1.62%	2.55%	3.03%
Payout Ratio	0%	35%	28%	24%
DER	33.0%	24.0%	22.0%	16.0%
Net Gearing	0.4x	0.3x	0.2x	0.2x
Equity Ratio	50.7%	51.6%	52.6%	55.7%
Financial Leverage	1.96x	1.95x	1.92x	1.84x
Current Ratio	1.47x	1.45x	1.55x	1.70x
Quick Ratio	0.83x	0.78x	0.91x	1.08x
Par Value (IDR)	100	100	100	100
Total Shares (mn)	15,950	15,950	15,950	15,950
Share Price (IDR)	440	850	850	850
Market Cap (IDR tn)	7.0	13.6	13.6	13.6

### BALANCE SHEET

(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Cash	2,002	2,085	3,431	4,973
Receivables	1,012	890	955	821
Inventories	3,259	3,861	4,207	4,318
<b>Total Current Assets</b>	<b>7,547</b>	<b>8,374</b>	<b>10,257</b>	<b>11,835</b>
Net Fixed Assets	716	679	565	456
Other Non Current Asset	2,948	3,896	4,321	4,851
Total Non Current Asset	3,664	4,574	4,886	5,306
<b>Total Assets</b>	<b>11,211</b>	<b>12,949</b>	<b>15,143</b>	<b>17,141</b>
Payables	2,088	2,416	2,994	3,346
ST Bank Loan	1,879	1,604	1,754	1,527
<b>Total Current Liabilities</b>	<b>5,143</b>	<b>5,765</b>	<b>6,625</b>	<b>6,980</b>
LT Debt	-	-	-	-
<b>Total Liabilities</b>	<b>5,523</b>	<b>6,267</b>	<b>7,171</b>	<b>7,598</b>
Capital Stock + APIC	2,189	2,189	2,189	2,189
Retained Earnings	3,211	4,210	5,584	7,193
<b>Shareholders' Equity</b>	<b>5,688</b>	<b>6,682</b>	<b>7,972</b>	<b>9,543</b>

### CASH FLOW STATEMENT

(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Operating Cash Flow	2,853	1,684	2,165	2,904
Investing Cash Flow	(375)	(1,109)	(627)	(723)
Financing Cash Flow	(1,302)	1,787	(193)	(639)
<b>Net Changes in Cash</b>	<b>1,176</b>	<b>2,363</b>	<b>1,345</b>	<b>1,542</b>

Source: NHKSI research, Bloomberg

### VALUATION INDEX

	2020/12A	2021/12F	2022/12F	2023/12F
Price/Earnings	11.5x	10.9x	7.9x	6.6x
Price/Book Value	1.2x	2.0x	1.7x	1.4x
PE/EPS Growth	0.1x	0.1x	0.2x	0.3x
EV/EBITDA	5.8x	6.3x	4.2x	3.0x
EV/EBIT	6.5x	7.1x	4.7x	3.4x
EV (IDR bn)	7,174	13,406	12,127	10,320
Sales CAGR (3-Yr)	-	9.6%	12.1%	7.6%
Net Income CAGR (3-Yr)	-	13.7%	80.2%	49.7%
Basic EPS (IDR)	38	78	108	128
BVPS (IDR)	357	419	500	598
DPS (IDR)	-	14	22	26

### TOP OWNERSHIP

Shareholders	%
PT Eralink International	54.5
Samsung Life Insurance	1.7
Dimensional Fund	1.2
Norges Bank	1.1
By Geography	%
Indonesia	87.8
United States	4.2
South Korea	1.8
Norway	1.8

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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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