

# Erajaya Swasembada Tbk (ERAA)

## Fokus Mengembangkan Vertikal Bisnis

Sepanjang 1H22, ERAA membukukan pertumbuhan penjualan sebesar 9,6% YoY sementara laba bersih terkontraksi 9,1% YoY. Hampir semua segmen mengalami pertumbuhan penjualan dan hanya segmen Produk Operator yang terkontraksi 21,2% YoY. Volume penjualan 1H22 turun 18,2% YoY sementara ASP tumbuh 31,8% YoY.

### Laba Bersih Terkontraksi di tengah Tumbuhnya Penjualan

- ERAA membukukan pertumbuhan penjualan sepanjang 1H22 sebesar 9,6% YoY menjadi Rp23,4 triliun. Hampir semua segmen mengalami pertumbuhan, hanya segmen Produk Operator yang mengalami penurunan sebesar 21,2% YoY. Adapun sepanjang 2Q22, ERAA membukukan penjualan sebesar Rp11,9 triliun (+13,5% YoY; +3,8% QoQ).
- Laba kotor 1H22 tumbuh 10,3% YoY menjadi Rp2,4 triliun di tengah tumbuhnya beban pokok penjualan sebesar 9,5% YoY. Laba operasi 1H22 terkontraksi 8,5% YoY menjadi Rp821,6 miliar di tengah naiknya beban penjualan dan distribusi serta beban umum dan administrasi masing-masing sebesar 9,9% YoY dan 37,8% YoY. Selain itu, laba bersih 1H22 juga terkontraksi sebesar 9,1% YoY menjadi Rp507,5 miliar.
- Sepanjang 2Q22, laba kotor tumbuh 14,7% YoY menjadi Rp1,1 triliun, sementara laba operasi dan laba bersih terkontraksi masing-masing menjadi Rp349,9 miliar (-20,3% YoY) dan Rp212,4 miliar (-24,2% YoY). Sementara itu, pada 2Q22 GPM tercatat sedikit lebih tinggi yaitu 9,5% (vs 2Q21: 9,4%) sedangkan EBIT Margin dan NPM tercatat lebih rendah masing-masing sebesar 2,9% dan 1,8% (vs 2Q21: EBIT Margin 4,2% dan NPM 2,7%).

### Kenaikan ASP di tengah Penurunan Volume

- Tidak hanya fokus pada segmen digital, ERAA terus mengembangkan bisnisnya pada segmen lain, salah satunya yaitu segmen Beauty and Wellnes. ERAA telah membuka empat gerai perdananya yaitu Apotek Wellings di Jakarta. Adapun hingga 2027, ERAA menargetkan dapat mengelola lebih dari 200 gerai Apotek Wellings di Indonesia.
- Secara vertikal, sepanjang 1H22 segmen Digital masih menjadi kontributor terbesar dalam penjualan ERAA yaitu 92,7%. Sementara segmen Active Lifestyle, Food & Nourishment, serta Beauty & Wellness masing-masing menyumbang sebesar 5,8%, 1,1%, dan 0,3%.
- Sepanjang 1H22, volume penjualan turun 18,2% YoY menjadi 4,7 juta unit (vs 1H21: 5,8 juta unit) sementara Average Selling Price (ASP) mengalami kenaikan sebesar 31,8% YoY menjadi Rp3,9 juta (vs 1H21: Rp2,9 juta).
- Berdasarkan segmennya, hampir semua segmen mencatatkan GPM yang lebih rendah di 1H22. Hanya segmen Komputer dan Peralatan Elektronik Lainnya yang mencatatkan GPM lebih tinggi yaitu 10,3% (vs 1H21: 9,8%). Sementara segmen Telepon Selular dan Tablet, Produk Operator, serta Aksesoris dan Lainnya mencatatkan GPM yang lebih rendah masing-masing yaitu 8,9%, 2,7%, dan 25,1% (vs 1H21: 9,3%, 3,4%, dan 29,0%).
- Selain itu, ERAA diketahui bekerjasama dengan Blackhawk Network Pte Ltd dalam hal membangun bisnis gift card yang dilakukan melalui anak usaha tidak langsung yaitu PT Prakarsa Prima Sentosa.

### Rekomendasi BUY dengan TP Rp620/saham

- Kami memberikan rekomendasi BUY untuk ERAA dengan TP Rp620/saham (P/E 7,1x atau +1 STD) dengan potensi *upside* sebesar 49,8%. Adapun, risiko utama rekomendasi kami adalah: daya beli konsumen yang belum optimal, rendahnya antusiasme pada peluncuran produk baru, adanya perubahan kebiasaan belanja konsumen, dan depresiasi mata uang Rupiah.

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

	2021A	2022F	2023F	2024F
Sales	43,467	49,025	55,637	63,618
Growth	27.4%	12.8%	13.5%	14.3%
Net Profit	1,012	1,187	1,407	1,888
Growth	65.4%	17.3%	18.5%	34.2%
EPS (IDR)	63	74	88	118
P/E	9.5x	8.4x	7.1x	5.3x
P/BV	1.5x	1.4x	1.3x	1.1x
EV/EBITDA	6.1x	3.9x	1.5x	0.9x
ROE	16.7%	17.4%	19.2%	23.1%
DER	23.2%	32.4%	28.9%	27.8%
Dividend Yield	2.29%	3.66%	4.22%	4.74%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## BUY

Target Price (IDR)	620
Consensus Price (IDR)	712
TP to Consensus Price	-12.9%
vs. Last Price	+49.8%

### Shares data

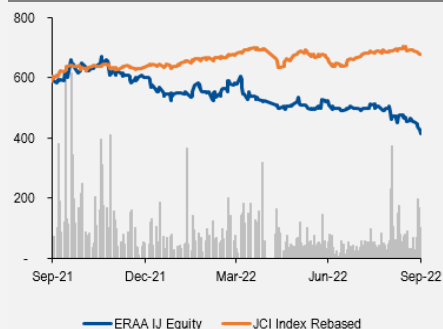
Last Price (IDR)	414
Price Date as of	Sep 30, 2022
52 wk Range (Hi/Lo)	685/410
Free Float (%)	45.20
Outstanding sh.(mn)	15.95
Market Cap (IDR bn)	6,603
Market Cap (USD mn)	433
Avg. Trd Vol - 3M (mn)	39.73
Avg. Trd Val - 3M (bn)	18.98
Foreign Ownership	9.6%

### Consumer Cyclical

#### Retail Trade

Bloomberg	ERAA IJ
Reuters	ERAA.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-31.0%	-15.2%	-21.1%	-31.6%
Rel. Ret.	-36.6%	-13.2%	-23.0%	-43.6%

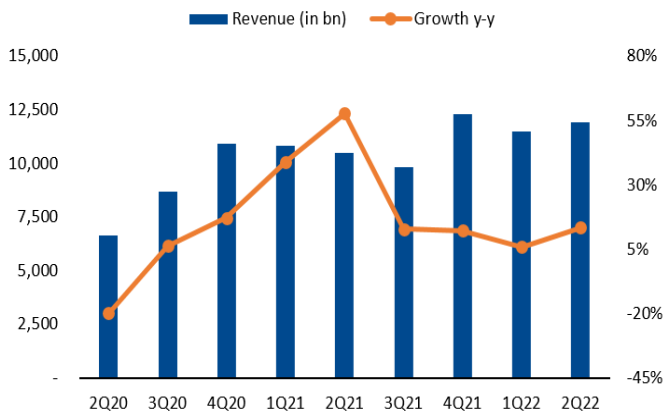
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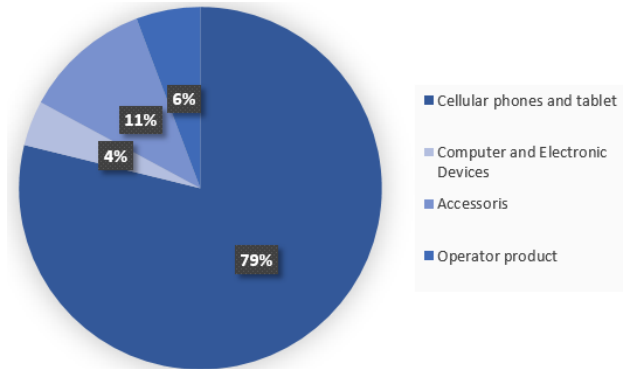
# Performance Highlights

## ERAA Revenue



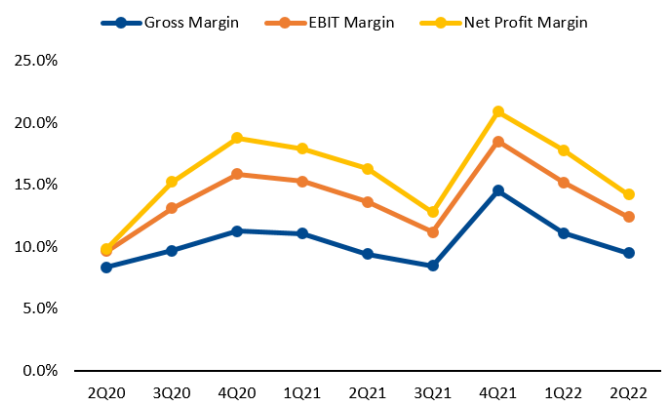
Source: Company, NHKSI Research

## ERAA Revenue Breakdown



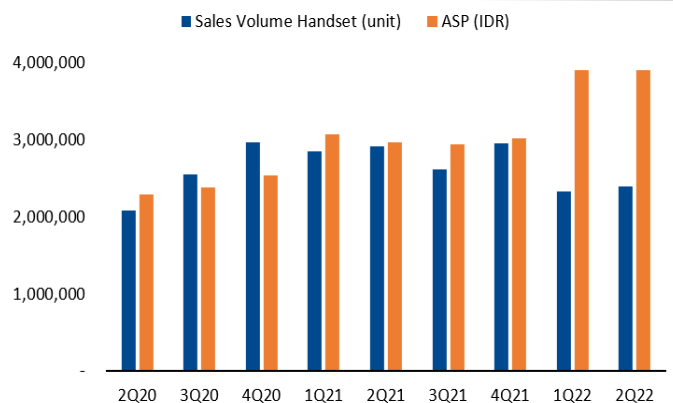
Source: Company, NHKSI Research

## ERAA Margin Ratios



Source: Company, NHKSI Research

## ERAA ASP and Volume Handset



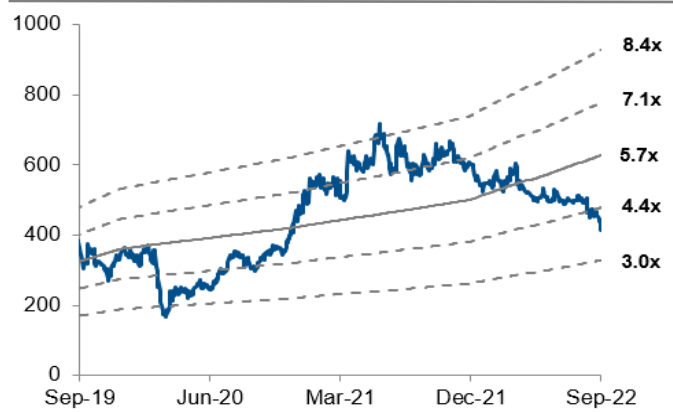
Source: Company, NHKSI Research

## Forward P/E band | Last 3 years



Source: Company, NHKSI Research

## Dynamic Forward P/E band | Last 3 years



Source: Bloomberg, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
<b>Sales</b>	<b>43,467</b>	<b>49,025</b>	<b>55,637</b>	<b>63,618</b>
<i>Growth</i>	27.4%	12.8%	13.5%	14.3%
COGS	(38,661)	(44,171)	(50,129)	(57,320)
<b>Gross Profit</b>	<b>4,806</b>	<b>4,853</b>	<b>5,508</b>	<b>6,298</b>
<i>Gross Margin</i>	11.1%	9.9%	9.9%	9.9%
Operating Expenses	(3,320)	(3,345)	(3,721)	(3,997)
<b>EBIT</b>	<b>1,659</b>	<b>1,796</b>	<b>2,103</b>	<b>2,631</b>
<i>EBIT Margin</i>	3.8%	3.7%	3.8%	4.1%
Depreciation	127	164	228	261
<b>EBITDA</b>	<b>1,786</b>	<b>1,960</b>	<b>2,331</b>	<b>2,892</b>
Interest Expenses	(195)	(182)	(189)	(185)
<b>EBT</b>	<b>1,495</b>	<b>1,623</b>	<b>1,932</b>	<b>2,463</b>
Income Tax	(377)	(385)	(381)	(383)
Minority Interest	(106)	(50)	(144)	(191)
<b>Net Profit</b>	<b>1,012</b>	<b>1,187</b>	<b>1,407</b>	<b>1,888</b>
<i>Growth</i>	65.4%	17.3%	18.5%	34.2%
<i>Net Profit Margin</i>	2.3%	2.4%	2.5%	3.0%

### PROFITABILITY & STABILITY

	2021/12A	2022/12F	2023/12F	2024/12F
ROE	16.7%	17.4%	19.2%	23.1%
ROA	9.0%	9.2%	8.5%	9.6%
Inventory Turnover	10.8x	15.1x	24.3x	28.1x
Receivable Turnover	53.4x	65.9x	91.3x	121.7x
Payable Turnover	21.5x	18.1x	10.4x	9.1x
Dividend Yield	2.29%	3.66%	4.22%	4.74%
Payout Ratio	35%	36%	35%	33%
DER	23.2%	32.4%	28.9%	27.8%
Net Gearing	0.3x	0.4x	0.3x	0.3x
Equity Ratio	56.8%	49.4%	40.4%	42.9%
Financial Leverage	1.86x	1.90x	2.25x	2.40x
Current Ratio	1.55x	1.44x	1.27x	1.33x
Quick Ratio	0.63x	1.15x	1.06x	1.16x
Par Value (IDR)	100	100	100	100
Total Shares (mn)	15,950	15,950	15,950	15,950
Share Price (IDR)	600	620	620	620
Market Cap (IDR tn)	9.6	9.9	9.9	9.9

### BALANCE SHEET

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Cash	521	5,031	8,669	10,078
Receivables	616	872	348	698
Inventories	3,932	1,908	2,212	1,871
<b>Total Current Assets</b>	<b>6,624</b>	<b>9,655</b>	<b>13,210</b>	<b>14,694</b>
Net Fixed Assets	852	1,216	1,208	1,291
Other Non Current Asset	3,896	3,618	4,105	4,694
Total Non Current Asset	4,748	4,834	5,313	5,986
<b>Total Assets</b>	<b>11,372</b>	<b>14,489</b>	<b>18,524</b>	<b>20,680</b>
Payables	1,514	3,379	6,235	6,328
ST Bank Loan	1,288	2,115	1,958	2,263
<b>Total Current Liabilities</b>	<b>4,279</b>	<b>6,720</b>	<b>10,363</b>	<b>11,073</b>
LT Debt	214	202	208	205
<b>Total Liabilities</b>	<b>4,910</b>	<b>7,332</b>	<b>11,036</b>	<b>11,810</b>
Capital Stock + APIC	2,193	2,193	2,193	2,193
Retained Earnings	4,004	4,489	5,145	6,526
<b>Shareholders' Equity</b>	<b>6,462</b>	<b>7,157</b>	<b>7,487</b>	<b>8,870</b>

### VALUATION INDEX

	2021/12A	2022/12F	2023/12F	2024/12F
Price/Earnings	9.5x	8.4x	7.1x	5.3x
Price/Book Value	1.5x	1.4x	1.3x	1.1x
PE/EPS Growth	0.1x	0.5x	0.4x	0.2x
EV/EBITDA	6.1x	3.9x	1.5x	0.9x
EV/EBIT	6.6x	4.3x	1.7x	0.9x
EV (IDR bn)	10,874	7,708	3,594	2,488
Sales CAGR (3-Yr)	9.7%	12.8%	8.6%	9.1%
Net Income CAGR (3-Yr)	6.0%	59.1%	32.0%	23.1%
Basic EPS (IDR)	63	74	88	118
BVPS (IDR)	405	449	469	556
DPS (IDR)	14	23	26	29

### TOP OWNERSHIP

Shareholders	%
PT Eralink International	54.5
Dimensional Fund	1.2
Norges Bank	0.8
Blackrock Inc	0.5
By Geography	%
Indonesia	90.4
United States	3.6
Luxembourg	2.2
Norway	1.3

### CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Operating Cash Flow	22	3,724	5,516	2,480
Investing Cash Flow	(516)	(830)	(779)	(904)
Financing Cash Flow	455	744	(566)	(167)
<b>Net Changes in Cash</b>	<b>(39)</b>	<b>3,638</b>	<b>4,171</b>	<b>1,409</b>

Source: NHKSI research, Bloomberg

## 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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