

# Erajaya Swasembada Tbk (ERAA)

## Mendorong Kinerja Online dan Offline Channel



Company Report | Dec 21, 2022

Pada 3Q22, ERAA membukukan pendapatan sebesar Rp11,5 triliun dengan segmen Aksesoris memimpin pertumbuhan. Laba kotor 3Q22 mampu tumbuh 37,2% YoY menjadi Rp1,1 triliun di tengah peningkatan beban pokok penjualan sebesar 15,6% YoY. Secara vertikal, sepanjang 9M22 segmen Digital masih menjadi kontributor terbesar dalam penjualan ERAA yaitu 92,4%.

### Segmen Aksesoris Memimpin Pertumbuhan

- Pada 3Q22, ERAA membukukan pendapatan sebesar Rp11,5 triliun (-3,2% QoQ; +17,4% YoY) sehingga menyebabkan pendapatan 9M22 tumbuh 12,1% YoY menjadi Rp34,9 triliun (vs 9M21: Rp31,2 triliun).
- Berdasarkan kategori, hampir semua segmen kompak tumbuh pada 3Q22 dengan segmen Aksesoris memimpin pertumbuhan yaitu 152,9% YoY, diikuti oleh segmen Telepon Selular dan Tablet serta segmen Komputer dan Peralatan Elektronik lainnya masing-masing yaitu 107,2% YoY dan 78,5% YoY. Adapun, segmen Voucher berkontraksi 25,0% YoY.
- Secara geografis, pada 3Q22 pertumbuhan penjualan terlihat pada Wilayah Tengah (Jabodetabek, Kalimantan, Singapura, dan Malaysia) yang tumbuh 30,5% YoY serta Wilayah Timur (di luar Wilayah Barat dan Tengah) tumbuh 31,5% YoY. Namun, untuk Wilayah Barat (Sumatera dan Jawa) penjualan tercatat turun 6,3% YoY.
- Laba kotor 3Q22 mampu tumbuh 37,2% YoY menjadi Rp1,1 triliun di tengah peningkatan beban pokok penjualan sebesar 15,6% YoY dan secara kumulatif 9M22 laba kotor tumbuh 17,7% YoY menjadi Rp3,6 triliun (vs 9M21: Rp3,0 triliun). Pada 3Q22, beban penjualan serta beban umum dan administrasi mengalami kenaikan masing-masing 51,3% YoY dan 14,2% YoY namun laba operasi mampu tumbuh 19,7% YoY pada 3Q22 menjadi Rp329,3 miliar. Adapun kumulatif 9M22, laba operasi berkontraksi 1,9% YoY menjadi Rp1,1 triliun.
- Dari sisi laba bersih, pada 3Q22 tumbuh 7,5% YoY menjadi Rp172,8 miliar dan pada 9M22 membukukan laba bersih sebesar Rp680,3 miliar atau turun 5,4% YoY. Sementara itu, pada 3Q22 GPM dan EBIT Margin tercatat lebih tinggi masing-masing yaitu 9,9% dan 2,8% (vs 3Q21 GPM: 8,5% dan EBIT Margin: 2,6%) sedangkan NPM tercatat lebih rendah yaitu 1,5% (vs 3Q21: 1,6%).

### Strategi Promosi Online dan Offline Channel

- Untuk meningkatkan kinerjanya, ERAA mendorong penjualannya melalui strategi promosi yang dijalankan melalui berbagai channel baik online maupun offline, di mana ERAA menawarkan program diskon, bundling dan adanya produk-produk baru. Adapun, pada 3Q22 ERAA telah membuka gerai sebanyak 153 gerai.
- Secara vertikal, sepanjang 9M22 segmen Digital masih menjadi kontributor terbesar dalam penjualan ERAA yaitu 92,4%. Sementara segmen Active Lifestyle, Food & Nourishment, serta Beauty & Wellness masing-masing menyumbang sebesar 6,1%, 1,2%, dan 0,3%. Adapun sejauh ini, Erajaya Digital telah meresmikan 62 gerai yang tersebar di 48 kota dan kabupaten di Jawa, Sumatera, Sulawesi dan Kalimantan.
- Sepanjang 9M22, volume penjualan turun 16,3% YoY menjadi 7,0 juta unit (vs 9M21: 8,4 juta unit) sementara Average Selling Price (ASP) mengalami kenaikan sebesar 32,0% YoY menjadi Rp3,9 juta (vs 9M21: Rp2,9 juta).
- Berdasarkan segmennya, pada 9M22 hampir semua segmen mencatatkan GPM yang lebih rendah dari periode yang sama tahun sebelumnya. GPM untuk segmen Aksesoris tercatat paling tinggi yaitu 15,7% (vs 9M21: 26,3%), lalu diikuti oleh segmen Komputer dan Peralatan Elektronik lainnya, Telepon Selular dan Tablet, serta Voucher masing-masing yaitu 7,6%, 5,0%, dan 2,4% (vs 9M21 9,6%; 8,9%; dan 3,0%).

### Rekomendasi BUY dengan TP Rp500/saham

- Kami memberikan rekomendasi BUY untuk ERAA dengan TP Rp500/saham atau P/E 6,1x dengan potensi *upside* sebesar 28,2%. 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 | 48,672 | 53,326 | 57,259 |
| Growth         | 27.4%  | 12.0%  | 9.6%   | 7.4%   |
| Net Profit     | 1,012  | 1,038  | 1,312  | 1,666  |
| Growth         | 65.4%  | 2.6%   | 26.3%  | 27.0%  |
| EPS (IDR)      | 63     | 65     | 82     | 104    |
| P/E            | 9.5x   | 7.7x   | 6.1x   | 4.8x   |
| P/BV           | 1.5x   | 1.3x   | 1.1x   | 1.0x   |
| EV/EBITDA      | 6.1x   | 4.0x   | 1.7x   | 0.8x   |
| ROE            | 16.7%  | 16.5%  | 20.1%  | 22.1%  |
| DER            | 23.2%  | 37.4%  | 30.6%  | 30.0%  |
| Dividend Yield | 2.29%  | 4.54%  | 5.23%  | 5.87%  |

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## BUY

|                       |        |
|-----------------------|--------|
| Target Price (IDR)    | 500    |
| Consensus Price (IDR) | 572    |
| TP to Consensus Price | -12.6% |
| vs. Last Price        | +28.2% |

### Shares data

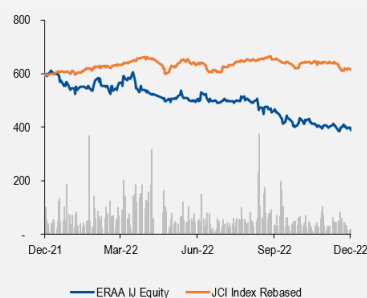
|                        |              |
|------------------------|--------------|
| Last Price (IDR)       | 390          |
| Price Date as of       | Dec 20, 2022 |
| 52 wk Range (Hi/Lo)    | 620/376      |
| Free Float (%)         | 44.17        |
| Outstanding sh.(mn)    | 15.95        |
| Market Cap (IDR bn)    | 6,220        |
| Market Cap (USD mn)    | 399          |
| Avg. Trd Vol - 3M (mn) | 28.23        |
| Avg. Trd Val - 3M (bn) | 11.76        |
| Foreign Ownership      | 13.1%        |

### Consumer Cyclical

#### Retail Trade

|           |         |
|-----------|---------|
| Bloomberg | ERAA.IJ |
| Reuters   | ERAA.JK |

### Share Price Performance



|           | YTD    | 1M    | 3M     | 12M     |
|-----------|--------|-------|--------|---------|
| Abs. Ret. | -35.0% | -3.9% | -16.3% | -34.5%  |
| Rel. Ret. | -36.6% | 0.2%  | -10.4% | -137.8% |

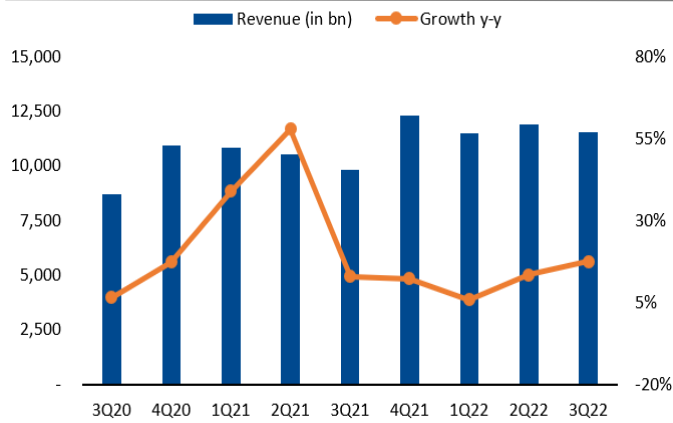
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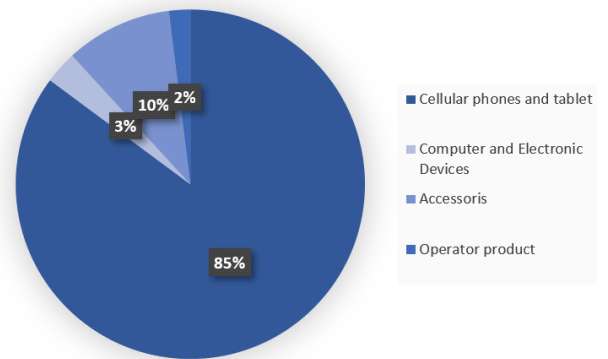
# Performance Highlights

## ERAA Revenue



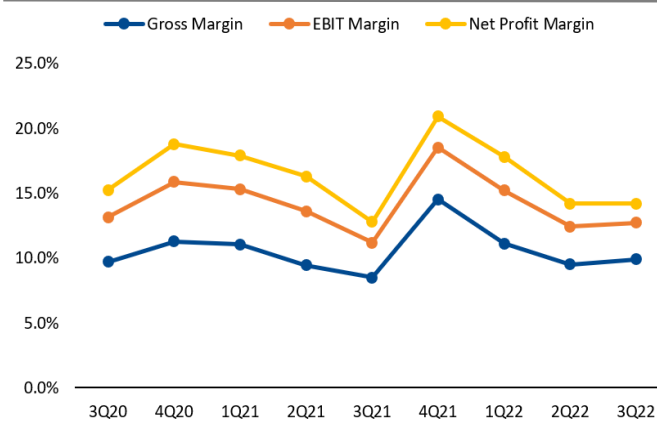
Source: Company, NHKSI Research

## ERAA Revenue Breakdown



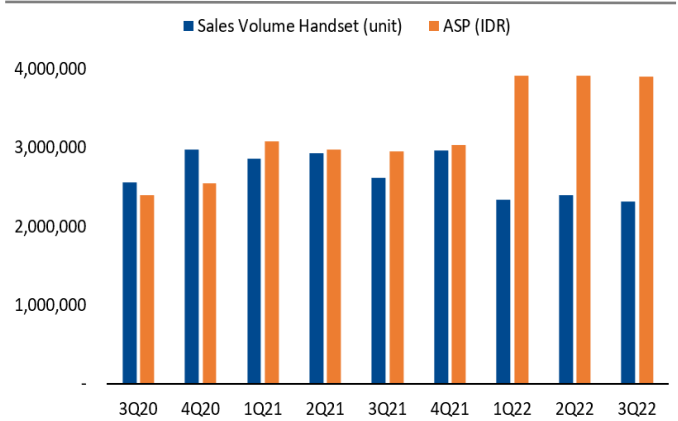
Source: Company, NHKSI Research

## ERAA Margin Ratios



Source: Company, NHKSI Research

## ERAA ASP and Volume Handset



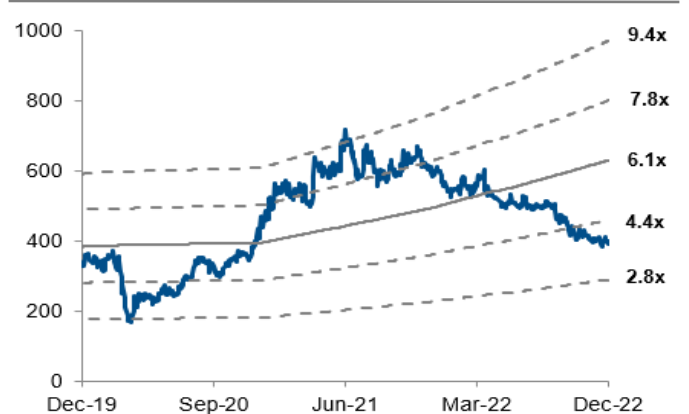
Source: Company, NHKSI Research

## 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>48,672</b> | <b>53,326</b> | <b>57,259</b> |
| Growth              | 27.4%         | 12.0%         | 9.6%          | 7.4%          |
| COGS                | (38,661)      | (43,808)      | (47,997)      | (51,536)      |
| <b>Gross Profit</b> | <b>4,806</b>  | <b>4,865</b>  | <b>5,330</b>  | <b>5,723</b>  |
| Gross Margin        | 11.1%         | 10.0%         | 10.0%         | 10.0%         |
| Operating Expenses  | (3,320)       | (3,621)       | (3,708)       | (3,686)       |
| <b>EBIT</b>         | <b>1,659</b>  | <b>1,445</b>  | <b>1,894</b>  | <b>2,290</b>  |
| EBIT Margin         | 3.8%          | 3.0%          | 3.6%          | 4.0%          |
| Depreciation        | 127           | 179           | 262           | 312           |
| <b>EBITDA</b>       | <b>1,786</b>  | <b>1,624</b>  | <b>2,156</b>  | <b>2,601</b>  |
| Interest Expenses   | (195)         | (186)         | (191)         | (188)         |
| <b>EBT</b>          | <b>1,495</b>  | <b>1,263</b>  | <b>1,718</b>  | <b>2,115</b>  |
| Income Tax          | (377)         | (193)         | (272)         | (281)         |
| Minority Interest   | (106)         | (32)          | (134)         | (169)         |
| <b>Net Profit</b>   | <b>1,012</b>  | <b>1,038</b>  | <b>1,312</b>  | <b>1,666</b>  |
| Growth              | 65.4%         | 2.6%          | 26.3%         | 27.0%         |
| Net Profit Margin   | 2.3%          | 2.1%          | 2.5%          | 2.9%          |

### BALANCE SHEET

| (IDR bn)                         | 2021/12A      | 2022/12F      | 2023/12F      | 2024/12F      |
|----------------------------------|---------------|---------------|---------------|---------------|
| Cash                             | 521           | 4,144         | 6,598         | 8,489         |
| Receivables                      | 616           | 1,043         | 775           | 166           |
| Inventories                      | 3,932         | 2,085         | 1,859         | 1,812         |
| <b>Total Current Assets</b>      | <b>6,624</b>  | <b>9,188</b>  | <b>11,320</b> | <b>12,635</b> |
| Net Fixed Assets                 | 852           | 805           | 1,739         | 2,002         |
| Other Non Current Assets         | 3,896         | 3,758         | 4,117         | 4,421         |
| Total Non Current Asset          | 4,748         | 4,563         | 5,856         | 6,423         |
| <b>Total Assets</b>              | <b>11,372</b> | <b>13,752</b> | <b>17,176</b> | <b>19,058</b> |
| Payables                         | 1,514         | 3,659         | 5,546         | 5,750         |
| ST Bank Loan                     | 1,288         | 2,089         | 1,924         | 2,242         |
| <b>Total Current Liabilities</b> | <b>4,279</b>  | <b>7,022</b>  | <b>9,549</b>  | <b>10,225</b> |
| LT Debt                          | 214           | 195           | 205           | 200           |
| <b>Total Liabilities</b>         | <b>4,910</b>  | <b>7,644</b>  | <b>10,221</b> | <b>10,926</b> |
| Capital Stock + APIC             | 2,193         | 2,193         | 2,193         | 2,193         |
| Retained Earnings                | 4,004         | 3,632         | 4,635         | 5,811         |
| <b>Shareholders' Equity</b>      | <b>6,462</b>  | <b>6,107</b>  | <b>6,955</b>  | <b>8,132</b>  |

### CASH FLOW STATEMENT

| (IDR bn)                   | 2021/12A    | 2022/12F     | 2023/12F     | 2024/12F     |
|----------------------------|-------------|--------------|--------------|--------------|
| Operating Cash Flow        | 22          | 2,802        | 4,589        | 2,910        |
| Investing Cash Flow        | (516)       | (1,552)      | (807)        | (863)        |
| Financing Cash Flow        | 455         | 1,204        | (572)        | (156)        |
| <b>Net Changes in Cash</b> | <b>(39)</b> | <b>2,454</b> | <b>3,209</b> | <b>1,891</b> |

### PROFITABILITY & STABILITY

|                     | 2021/12A | 2022/12F | 2023/12F | 2024/12F |
|---------------------|----------|----------|----------|----------|
| ROE                 | 16.7%    | 16.5%    | 20.1%    | 22.1%    |
| ROA                 | 9.0%     | 8.3%     | 8.5%     | 9.2%     |
| Inventory Turnover  | 10.8x    | 14.6x    | 24.3x    | 28.1x    |
| Receivable Turnover | 53.4x    | 58.6x    | 58.6x    | 121.7x   |
| Payable Turnover    | 21.5x    | 16.9x    | 10.4x    | 9.1x     |
| Dividend Yield      | 2.29%    | 4.54%    | 5.23%    | 5.87%    |
| Payout Ratio        | 35%      | 36%      | 40%      | 36%      |
| DER                 | 23.2%    | 37.4%    | 30.6%    | 30.0%    |
| Net Gearing         | 0.3x     | 0.4x     | 0.3x     | 0.3x     |
| Equity Ratio        | 56.8%    | 44.4%    | 40.5%    | 42.7%    |
| Financial Leverage  | 1.86x    | 2.00x    | 2.37x    | 2.40x    |
| Current Ratio       | 1.55x    | 1.31x    | 1.19x    | 1.24x    |
| Quick Ratio         | 0.63x    | 1.01x    | 0.99x    | 1.06x    |
| Par Value (IDR)     | 100      | 100      | 100      | 100      |
| Total Shares (mn)   | 15,950   | 15,950   | 15,950   | 15,950   |
| Share Price (IDR)   | 600      | 500      | 500      | 500      |
| Market Cap (IDR tn) | 9.6      | 8.0      | 8.0      | 8.0      |

### VALUATION INDEX

|                        | 2021/12A | 2022/12F | 2023/12F | 2024/12F |
|------------------------|----------|----------|----------|----------|
| Price/Earnings         | 9.5x     | 7.7x     | 6.1x     | 4.8x     |
| Price/Book Value       | 1.5x     | 1.3x     | 1.1x     | 1.0x     |
| PE/EPS Growth          | 0.1x     | 3.0x     | 0.2x     | 0.2x     |
| EV/EBITDA              | 6.1x     | 4.0x     | 1.7x     | 0.8x     |
| EV/EBIT                | 6.6x     | 4.5x     | 2.0x     | 0.9x     |
| EV (IDR bn)            | 10,874   | 6,479    | 3,714    | 2,137    |
| Sales CAGR (3-Yr)      | 9.7%     | 12.6%    | 7.1%     | 5.6%     |
| Net Income CAGR (3-Yr) | 6.0%     | 52.1%    | 28.9%    | 18.1%    |
| Basic EPS (IDR)        | 63       | 65       | 82       | 104      |
| BVPS (IDR)             | 405      | 383      | 436      | 510      |
| DPS (IDR)              | 14       | 23       | 26       | 29       |

### TOP OWNERSHIP

| Shareholders             | %    |
|--------------------------|------|
| PT Eralink International | 54.5 |
| Dimensional Fund         | 1.3  |
| Ashmore Asset Management | 1.2  |
| PT ERAJAYA SWASEMBADA    | 1.0  |
| By Geography             | %    |
| Indonesia                | 86.9 |
| United States            | 3.5  |
| Unknown                  | 2.0  |
| Luxembourg               | 1.6  |

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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