

# PT ADI SARANA ARMADA TBK (ASSA)

## Setting Up a Solid Foundation for Turnaround!

PT Adi Sarana Armada Tbk (ASSA) posted a 425% YoY increase in profit throughout 2023 to 19.4 billion from IDR 3.7 billion in 2022. ASSA will continue to expand its business and is ready to improve their profitability and utilisation in each business segment. With a 7-10% revenue growth target in 2024, along with putting their focus more on B2B market.

### Decreasing Topline in 2023

- The company's revenue decreased from IDR 5.8 Trillion to IDR 4.4 Trillion in 2023, this decrease was caused by a decrease in revenue in the Express and delivery segment from IDR 2.9 Trillion to 1.2 Trillion in 2023. Where the Express segment contributed more than 50.86% of the company's revenue in 2022.
- However, revenue from the vehicle auction segment grew the most by 51% from IDR 130 billion to Rp190 billion in 2023. The Vehicle Rental, Autopool and Steering segment generated revenue of IDR 1.8 trillion, an increase of 7% compared to the previous year of Rp 1.7 trillion which supported 41% of the company's revenue in 2023.

### Gross Profit has increased consistently over the last eight years

- Despite the decline in revenue, the gross profit and net profit still continue to increase. Gross profit margin increased to 25.1% from 18.4% in the previous period, and net profit margin grew to 2.3% from 1.8% in 2023, supported by a -31% decrease in cost of sales at IDR 31 Trillion.
- ASSA's gross profit continues to grow over 8 years, with 32.07% CAGR from 2016 gross profit of IDR 456 billion to 1.1 trillion in 2023.

### Outlook & Target for ASSA

- During 2023, the company is more focused on achieving profitability and making operational efficiencies in all its business pillars, which causes the topline to decline. It can be seen in the logistics & express segment, which is more focused on the B2B market, causing it to become more profitable even though the volume of deliveries has decreased.
- Other than that, logistics segment also facing a new challenge, which is Halal Logistics. In response to the policy of the Indonesian Government that requires halal certificates for three product groups; food medicine, cosmetics, and the storage and logistics procedure starting 17 October 2024. In which ASSA Logistics and Cargoshare Logistics, have obtained halal certificates in November 2023.
- Topline Recovery, a 7,4% strengthening in revenue is seen, align with management's guidance of 7-10% in 2024. The company is also targeting capital expenditure of IDR 1.3 trillion - 1.5 trillion, with plans to increase its fleet in 2024 by 4,000-5,000 units of rental vehicles, which can increase revenue growth.

### Buy Recommendation with a TP at IDR 990 (+33.8% Upside Potential)

- We give a Buy recommendation with a target price of IDR 990, which implies a P/E ratio of 32.7x, which is equivalent to -0.15 Standard Deviation of the 5 Year Multiple Average Forward PE. We believe that this target price is quite conservative, considering what ASSA already has in its ecosystem.
- Given the key risks: 1) changing & counterproductive domestic regulations 2) strategy execution errors in integration between ecosystems 3) geopolitical risk and local economic downturn that could reduce purchasing power and business revenue.

### Adi Sarana Armada Tbk | Summary (IDR bn)

in IDR bn	2023A	2024F	2025F	2026F
Revenue	4,439	4,765	5,601	6,397
Revenue growth	-24.4%	7.4%	17.5%	14.2%
Net profit	103	112	159	179
EPS (IDR)	28	30	43	48
Net Profit growth	-27.8%	8.3%	42.4%	12.5%
NPM	1.8%	2.3%	2.8%	2.8%
ROE	4.5%	4.3%	5.6%	5.7%
ROA	1.5%	1.5%	2.1%	2.2%
P/E	28.1x	32.7x	23.0x	20.4x
P/BV	1.1x	1.3x	1.2x	1.1x
EV/EBITDA	6.3x	6.9x	6.3x	6.1x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Initiation Report | Apr 23 - 2024

## Buy

Target Price (IDR)	990
Consensus Price (IDR)	1,100
TP to Consensus Price	-10%
Potential Upside	+33.8%

### Shares data

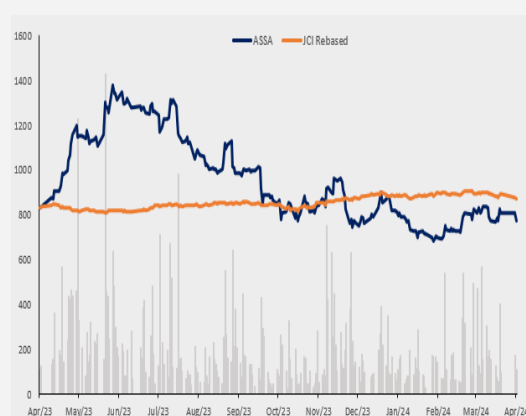
Last Price (IDR)	740
Price date as of	22-Apr-24
52 wk range (High/Low)	1420/685
Free float (%)	36.16
Outstanding shares (mn)	3,691
Market Cap (IDR bn)	2,768
Market Cap (USD mn)	170
Avg Trading Vol - 3M (mn)	170.49
Avg Trading Val - 3M (IDR bn)	10.67
Foreign Ownership (%)	40.47

### Transportation & Logistics

#### Transportation

Bloomberg	ASSA IJ
Reuters	ASSA JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	7.1%	6.5%	2.6%	7.1%
Rel. Ret.	6.1%	3.7%	-1.7%	11.9%

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## REPORT CONTENT :

<b>Sector Overview</b>	<b>3</b>
<b>Business Overview</b>	<b>5</b>
<b>Management Profile</b>	<b>8</b>
<b>Financial Performance</b>	<b>12</b>
<b>Valuation</b>	<b>13</b>
<b>Summary of Financials</b>	<b>14</b>

Sector Overview

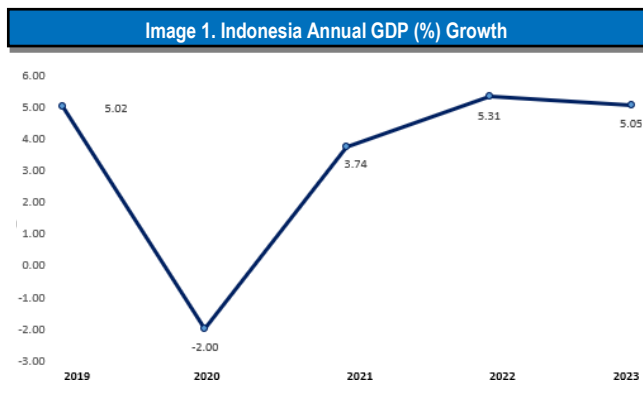
After passing through the pandemic and geopolitical conflicts, amid the global economic downturn and falling commodity prices, Indonesia can still record GDP growth of 5.05% YoY in 2023. Which in terms of production, for 2 years the highest growth occurred in the Transportation and Warehousing business field by 13.96% in 2023.

Logistics and transport trends in Indonesia in 2024 are supported by several key factors:

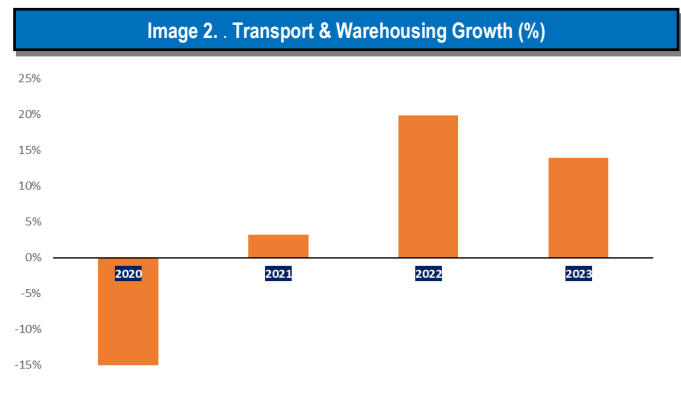
**-Infrastructure Investment:** The Indonesian government continues to invest heavily in transport infrastructure, examples of which include the Trans-Java Toll Road, new airports and ports, as well as the construction of a new capital city, IKN in Kalimantan. This improved infrastructure will streamline logistics networks and reduce costs. Also, reducing infrastructure gaps will increase foreign direct investment (FDI).

**-E-commerce growth:** Indonesia's e-commerce market is showing tremendous growth potential. This fuels demand for warehousing, remote delivery and specialized logistics solutions to support online business activities. With e-commerce expected to grow to 160 billion USD GMV (gross merchandise value) by 2030, the rising purchasing power of the middle class will boost trade activity.

**-Digitalization:** IoT & AI digital technologies will improve process optimization, supply chain visibility, and facilitate data-driven decision making, from the logistics side for example in tracking the movement of goods in real time, and from the transport side to choose the best route.



Source: Bloomberg, NHKSI Research



Source: BPS, HKSI Research

**Year of Uncertainty,** amidst the high hopes for a successful economic recovery in 2024, there are also a number of challenges that must be anticipated, such as:

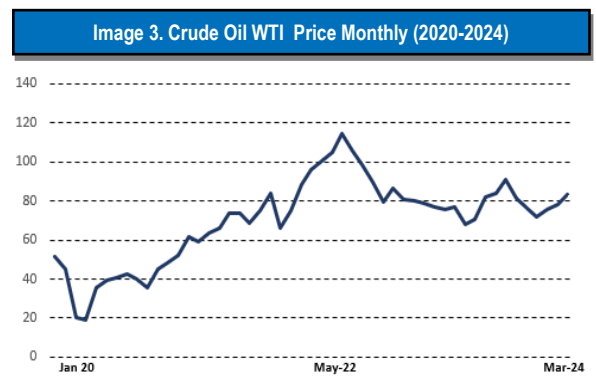
**-Macro Disruption & Global Uncertainty:** Starting from the democratic elections of leaders almost all over the world & the ongoing war that led to restrictions on supply chain access resulting in an increase in energy, logistics, and commodity prices that made the prospect of economic recovery highly dependent on the duration of the war, global political stability, and the ability to overcome disruptions in commodity flows.

**-Rising Logistics and Energy Prices:** Global supply chain disruptions have pushed up commodity prices, especially oil, causing high inflation in many countries. As the main driver of the logistics business, world oil prices have increased 4x since covid first hit in February 2020 and the effects of war have also pushed world oil prices to more than 80 \$ / per barrel. Also supported by OPEC reducing its oil production volume.

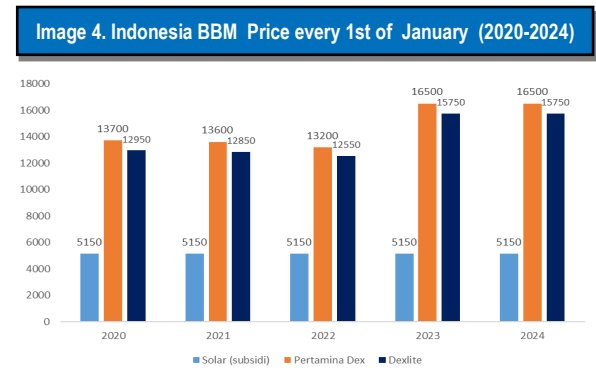
**-Refined Fuel Oil (BBM) will increase by more than 2% CAGR until 2030** as projected by Pertamina. Coupled with Indonesia being an archipelago, it faces unique geographical challenges that can also increase logistics costs and delivery times.

**-Regulatory Environment:** With the new government, the policy of allocating the state budget and fuel subsidies will play a crucial role as the allocations are used for infrastructure development as well as other state work programs that will impact the operational burden of companies in the logistics sector.

**-Sustainability:** Finding environmentally friendly solutions for transport and logistics while meeting increasing demand remains a challenge. This is because finding alternative energy still requires high research and development costs compared to using fossil fuels for now.



Source: Bloomberg, HKSI Research

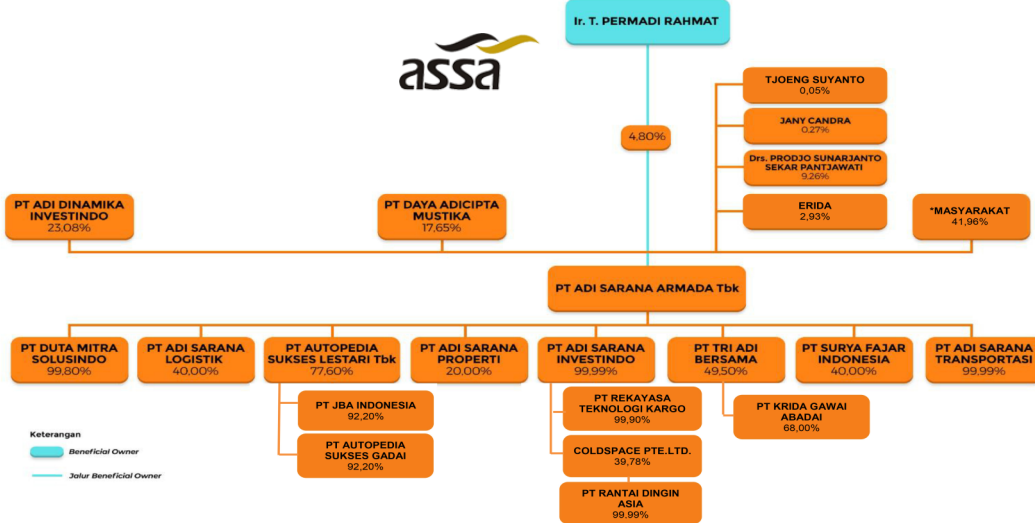


Source: Pertamina, NHKSI Research

Business Overview

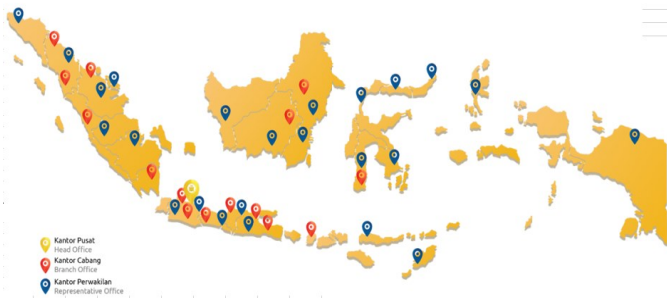
PT Adi Sarana Armada Tbk (ASSA) currently operates three business pillars, including mobility (vehicle rental, driver services, car sharing logistics services), vehicle buying and selling business (LelangJBA and Online-to-Offline used car dealers-Caroline), and end-to-end logistics (logistics and Anteraja express courier).

Image 5. PT Adi Sarana Armada Tbk. (ASSA) Shareholder Structure



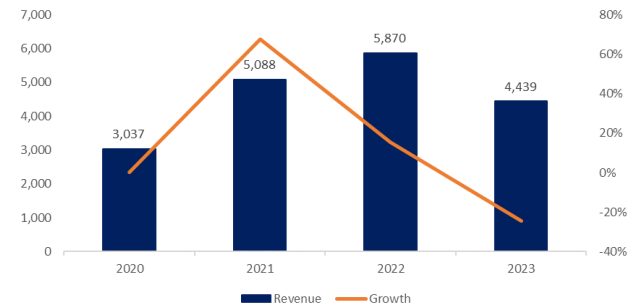
Source: ASSA

Image 6. ASSA Business Network Map



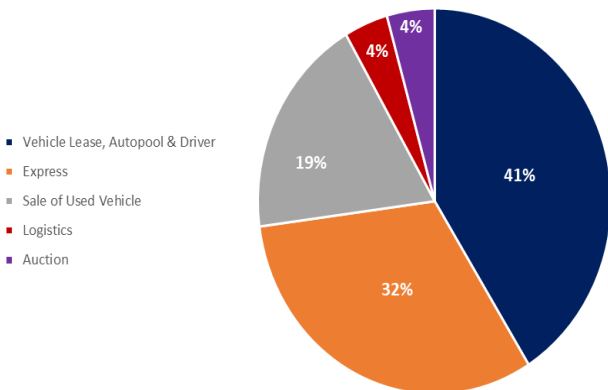
Source: ASSA, NHKSI Research

Image 7. ASSA Revenue (YoY)



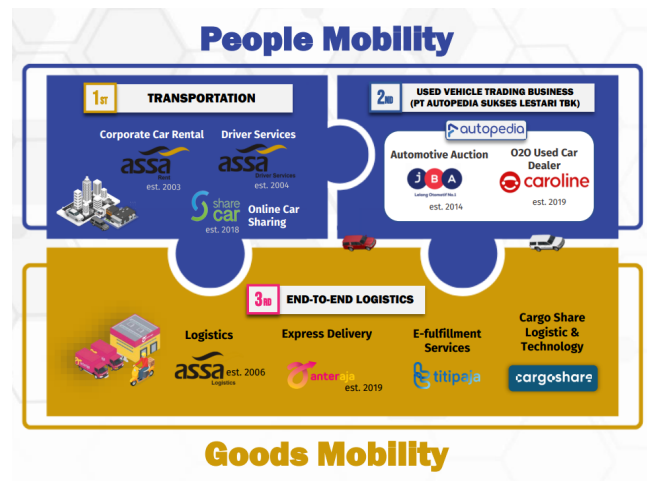
Source: ASSA, NHKSI Research

Image 8. ASSA Revenue Breakdown 2023



Source: ASSA, NHKSI Research

Image 9. ASSA's Business Ecosystem



Source: ASSA

## End to End Logistics



Source: ASSA

### Delivery Service / Express (Last Mile)

Through PT Tri Adi Bersama as a subsidiary of ASSA, which provides delivery services that was established in 2018 and began operating in 2019 under the name **Anteraja**.

**ASSA provides many service options**, ranging from regular package delivery, next day, and same day. In addition, it also continues to add service innovations throughout 2023, namely developing the frozen supply chain logistics segment by investing in Coldspace companies, to developing drug or pharmaceutical delivery logistics through Mostrans.

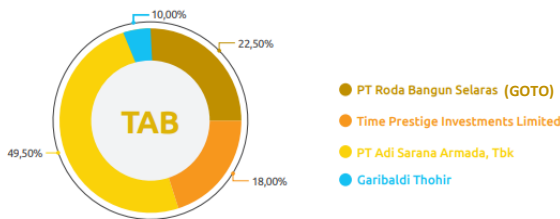
**The first automatic sorting system in Indonesia** (robotic sorting), which is claimed to be able to increase productivity and sorting efficiency by 200% with an accuracy rate of more than 99%. Anteraja's robotic system is equipped with a scanner system that can read the area code of each package. After the code is successfully read, the robots will immediately sort the packages by city or district according to the destination address listed.

Image 10. Express New Development



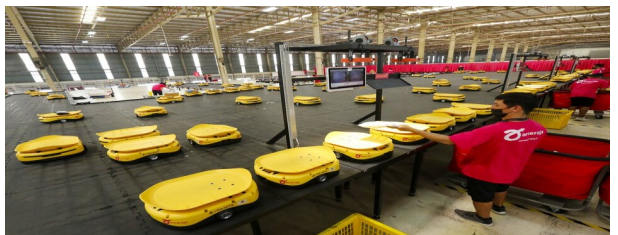
Source: ASSA

Image 11. Tri Adi Bersama Shareholder



Source: ASSA

Image 12. Anteraja Warehouse Condition



Source: Beritasatu

### Logistic Services

Transport services provided by the Company for all logistics delivery needs of customers of all sizes through ASSA Logistics products.

In the logistics segment, the Company has provided a variety of fleets that can meet customer needs, including box cars, pickups, blind vans, and trucks. Since August 2022, the company charges customers a platform fee of Rp1,000 (approximately US\$0.06) for each transaction to ensure continuous improvement of features and customer experience in the company's e-commerce ecosystem.

**A positive outlook for the express & logistics segment** due to Tiktok Shop and Tokopedia which have become one entity where through PT Roda Bangun Selaras which is a subsidiary of the GoTo group has 40% ownership of ASSA's logistics ecosystem. In addition, the 2024 election and Eid will add to the performance of logistics companies.

**-Logistics Integration:** ASL (Adi Sarana Logistik) has an extensive network in Indonesia including warehouses, vehicle fleets, and technology that can be utilised to work with Tik-Tok Shop.

**-Broader Customer Reach:** With a total of more than 100 million users who are the second largest Tik-Tok users in the world, Anteraja can increase customer penetration. As well as opening up opportunities to offer Cloud Warehouse services through Titipaja to Indonesian Tik-Tok Shop users and merchants.

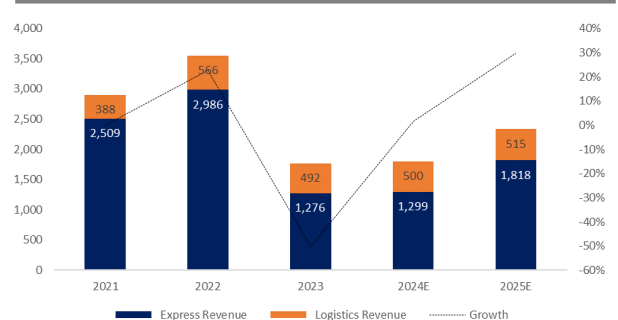
**-ASL Responds to Halal Logistics Needs:** As a form of its commitment to halal logistics services, Anteraja and ASSA Logistik have officially obtained a halal certificate from the Halal Product Guarantee Organisation (BPJPH) in November 2023. This halal certificate with number ID00410011730431123 and ID00410011730491123.

Image 13. Halal Logistics ASSA



Source: ASSA, NHKSI Research

Image 14. Revenue End to End Logistics



Source: ASSA, NHKSI Research

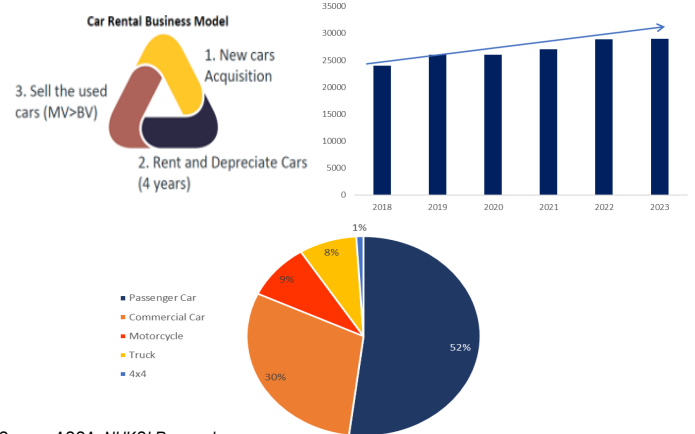


Mobility

Through the passenger car, autopool and helmsman vehicle rental segment of more than 30 thousand fleets offered by ASSA is ready to provide individual and shared vehicle transportation management systems for companies in response to market needs. This segment offers a number of main products, among others:

- A) **ASSA Rent:** This product is a vehicle rental service product that provides various types of duration, both short and long term for personal and family affairs with cars that are very well maintained and have ensured roadworthiness.
- B) **Share Car:** Share Car is a car rental system that is done online through the Share Car application created by the Company. This application can make it easier for customers to rent an off-key car that suits their wants and needs, and is easily accessible only through a hand.
- C) **Autopool:** Autopool offers a car pooling management system that can be used by employees in a company to ensure safety and comfort while driving on the road. It also offers commercial freight vehicle services in the form of blind vans or trucks with long duration as needed for customers who require larger vehicles or as promotional media on the road.
- D) **ASSA Driver Services:** The company has 4,067 professional drivers in the ASSA Driver Services product. The drivers who are members of this product have gone through a rigorous selection process as well as comprehensive training and coaching so that they are ready to drive customers while providing a sense of security and comfort to the destination. Training and coaching conducted aims to improve the ability of drivers to have safety driving skills, good road knowledge, and can provide satisfactory service to customers.

Image 15. Business Model , Numbers of Fleet & Classification



Source: ASSA, NHKSI Research

Image 16. ASSA Rent types of vehicle

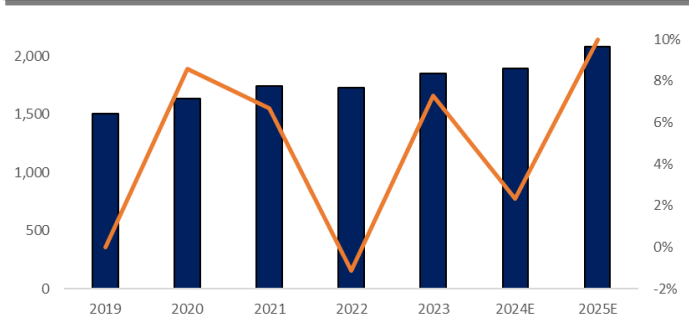
**City Car/ Sedan**  
Passenger Car perfect for inner city roads that can carry up to 4 or 5 passengers

**Sport Utility Vehicle/ Four Wheel Drive**  
A vehicle that usually equipped with four-wheel drive for on- or off-road ability.

**Multi Purpose Vehicle**  
Passenger Car with spacious cabin space. This type of vehicle can carry up to 8 passengers.

Source: ASSA

Image 17. ASSA Mobility Segment Revenue



We see a strong foundation of the company's main pillar, transportation. With a high vehicle utilization rate of 93-94% with a total of more than 30 thousand fleets, the company's revenue growth has been consistent from year to year. This segment will contribute the most to the company's revenue during 2023.

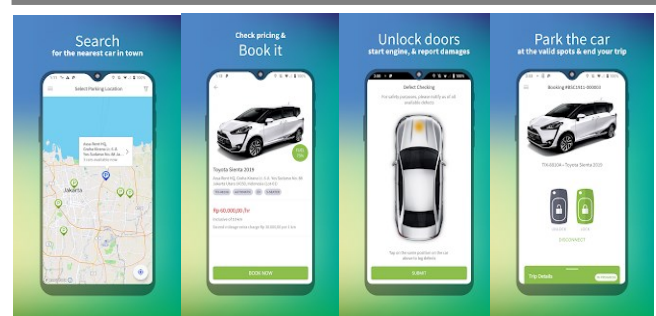
For the car rental business segment, we see that the business will continue to grow steadily and become a contributor to the company's bottom line, because ASSA's rental business is aimed at corporate clients (B2B) with relatively long contract periods, ASSA plans to purchase 4,000 to 5,000 units of rental vehicles in 2024 which will help segment revenue.

Image 18. Share Car Application Interface



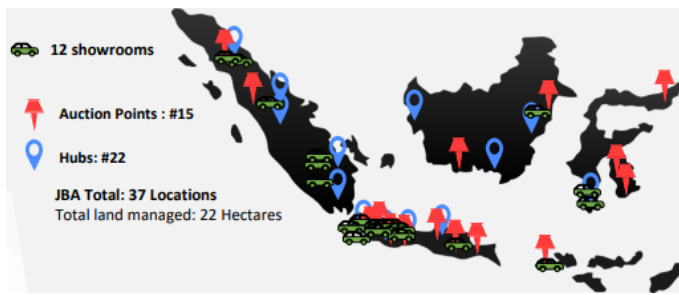
Source: ASSA

Image 19. Share Car Application Interface



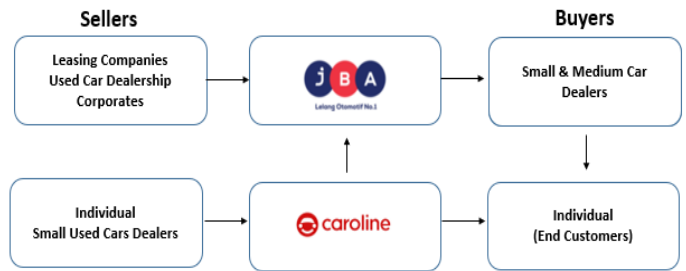
Source: Sharecar App

Image 20. Auction & Used Car Operational Location



Source: ASSA

Image 21. Business Model Auction & Used Car ASSA



Source: ASSA, NHKSI Research

### Penjualan Kendaraan Bekas (Caroline)

Through PT AUTOPEdia SUKSES LESTARI TBK (ASLC) with ASSA holding its 77.60% stake, the company provides used car buying and selling solutions through Caroline which has more than 12 showrooms. This segment is conducted through a used car buying and selling website, with a team of trained car inspectors who conduct inspections and provide price recommendations to benefit both buyers and sellers.

In 2023, the Company set several business targets, including: Grand launching of the flagship store in Gading Serpong in the first quarter of 2023, Increased market penetration and brand awareness through network expansion to improve service accessibility for customers, especially for Caroline, More effective online-to-offline conversion and improved branch productivity to increase sales volume growth, Finally, the establishment of new business organizations and operations, including the pawn business and Car Exchange.

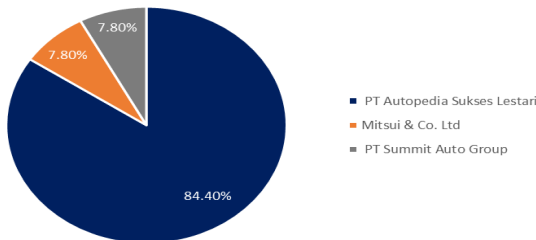
Image 22. New Showroom Per Q123

#### New Showrooms:



Source: ASSA.

Image 23. Caroline's Ownership Structure

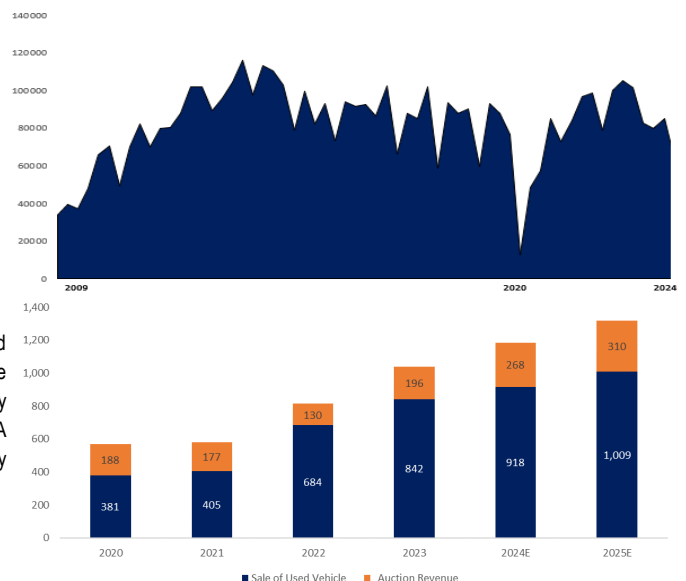


Source: ASSA, NHKSI Research

Image 24 JBA's Complete Features



Image 25. Revenue Auction + Sale of Used Car & Indonesia Car Sales Trend



Source: ASSA, NHKSI Research, Bloomberg

## Management Profile

### Board of Directors



#### **DRS PRODJO SUNARJANTO SEKAR PANTJAWATI**

##### **President Director**

Presiden Direktur ASSA sejak tahun 2011.

Indonesian citizen. Born in Malang on November 30, 1959. He earned his Master of Accounting degree from the Faculty of Economics, University of Indonesia in 2010 and earned his Bachelor of Economics degree from the Department of Accounting, Faculty of Economics, University of Indonesia in 1985.

- Chief Executive Officer of PT Astra Internasional-Toyota Sales Operation (Auto 2000) (2005-2010)
- Commissioner of PT Autopedia Sukses Lestari (2021-present)
- President Director of PT Adi Sarana Armada Tbk (2011-present)
- Commissioner of PT Serasi Autoraya (2006-2007)
- President Commissioner of PT Toyo Fuji Logistic (2005-2007)
- Director of Astra Mitra Ventura (2000-2005)
- President Director of PT Serasi Autoraya (1994-2005)
- President Director of PT Brahmayasa Bahtera (1994-2000)

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Source: ASSA



#### **JANY CANDRA**

##### **Director**

Director of ASSA since 2007.

Indonesian citizen. Born in Pangkalan Brandan on January 23, 1973. He earned his Master of Management degree from the University of Indonesia in 2001 and earned his bachelor's degree from the Department of Agribusiness Management-Faculty of Agriculture, Bogor Agricultural University in 1993.

##### **-Previous Experience:**

- President Director of PT Autopedia Sukses Lestari Tbk (2021-present)
- Director of PT Adi Sarana Armada Tbk (2007-present)
- Management and Business Development Manager of PT Serasi Autoraya (2005-2007)
- Marketing and Customer Service Manager of PT Serasi Autoraya (2005)

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Source: ASSA



## Management Profile

### Board of Directors



#### **TJOENG SUYANTO**

##### **Director**

He earned his bachelor's degree from the Department of Informatics Engineering, Duta Wacana Christian University in 1990.

-Previous Experience:

- Director of Business Strategy & Development Puninar Logistics (2015-Present)
- Head of Business Strategy and Development, Puninar Logistics Corporate Systems (2014)
- Regional Service Development Manager, XPS Fuji Xerox Asia Pacific Pte Ltd (2011-2014)
- Head of FXGS Business Operations PT Astra Graphia Tbk (2005-2011)
- Head of Software Solution Marketing Department PT Astra Graphia Tbk (2002-2004)
- Business Development Manager of PT Astra Graphia Tbk (2001)
- Manager of Information Management Operations PT Astra Graphia Tbk (2000)

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Source: ASSA.



#### **JERRY FANDY TUNJUNGAN**

##### **Director**

Director of ASSA since 2022.

Indonesian citizen. Born in Manado, 4 January 1970. He earned a Bachelor of Finance degree from the Department of Economics, Trisakti University in 1993.

-Previous Experience:

- Corporate Funding, Finance Operation & Treasury Division Head PT Federal International Finance (2012 - 2022)
- Treasury, Banking Relation & Finance Admin Division Head PT Astra Sedaya Finance (2010 - 2012)
- Credit Portfolio Management RBS Indonesia / ABN AMRO Bank N.V., Jakarta Branch (2008 - 2010)
- Relationship Banker for Large Local Corporate RBS Indonesia / ABN AMRO Bank N.V., Jakarta Branch (2007 - 2008)
- Corporate Finance, Corporate Secretary PT Tirta Mahakam Resources Tbk (2005 - 2007)

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Source: ASSA

## Management Profile

### Board of Commissioners

#### ERIDA

##### President Commissioner

President Commissioner of ASSA since 2016.

Indonesian citizen. Born in Jakarta on 28 November 1966. She earned a Bachelor of Accounting degree from the Faculty of Economics, Trisakti University in 1990.

-Previous Experience :

- Commissioner of PT Autopedia Sukses Lestari Tbk (2021-present)
- President Commissioner of PT Adi Sarana Armada Tbk (2016-present)
- Commissioner of PT Puninar Sarana Raya (2015-present)
- Director of PT Adi Bumi Jaya (2014-present)
- Commissioner of PT Kirana Megatara (2013-present)
- Chief Financial Officer of PT Triputra Agro Persada (2012-present)
- Chief Financial Officer of PT Triputra Investindo Arya (2011-present)
- Director of PT Trikirana Investindo Prima (2011-present)



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Source: ASSA

#### HERTANTO MANGKUSASONO

##### Commissioner

Commissioner of ASSA since 2020

Indonesian citizen. Born in Tuban 19 February 1952. He earned his Bachelor of Economics degree from the Faculty of Management, Parahyangan University in 1977.

-Previous Experience:

- Commissioner of PT Anugerah Mortar Abadi (2018-present)
- Commissioner of PT Lintas Samudra Borneo Lines (2013-present)
- Commissioner of PT Keppel Puninar (2013-present)
- Commissioner of PT Koyolem Indonesia (2013-present)
- Commissioner of PT Lemindo Abadi Jaya (2013-present)



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Source: ASSA

## Management Profile

### Board of Commissioners

#### LINDAWATI GANI

##### Independent Commissioner

President Commissioner of ASSA since 2016..

Indonesian citizen. Born in Jakarta on 28 November 1966. She earned a Bachelor of Accounting degree from the Faculty of Economics, Trisakti University in 1990.

-Previous Experience:

- Commissioner of PT Autopedia Sukses Lestari Tbk (2021-present)
- President Commissioner of PT Adi Sarana Armada Tbk (2016-present)
- Commissioner of PT Puninar Sarana Raya (2015-present)
- Director of PT Adi Bumi Jaya (2014-present)
- Commissioner of PT Kirana Megatara (2013-present)
- Chief Financial Officer of PT Triputra Agro Persada (2012-present)
- Chief Financial Officer of PT Triputra Investindo Arya (2011-present)
- Director of PT Trikirana Investindo Prima (2011-present)




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Source: ASSA

#### SHANTI LASMININGSIH POESPOSOETJIPTO

##### Independent Commissioner

Independent Commissioner of ASSA since 2020

Indonesian citizen. Born in Surabaya 04 May 1962. She earned a Master of Business Administration (MBA) from IPMI International Business School (Affiliated with Harvard Business School) in 1986 and a Doctor of Philosophy degree from the Faculty of Economics & Business, University of Indonesia in 2002.

-Previous Experience:

- Audit Committee of PT Federal International Finance (2020-present)
- Audit Committee of PT Astra Agro Lestari (2019-present)
- Audit Committee of PT Adaro Energy Tbk (2018-present)
- Audit Committee of PT Astra International Tbk (2017-present)
- Member of Public Accountant Professional Committee (KPAP) (2016-present)

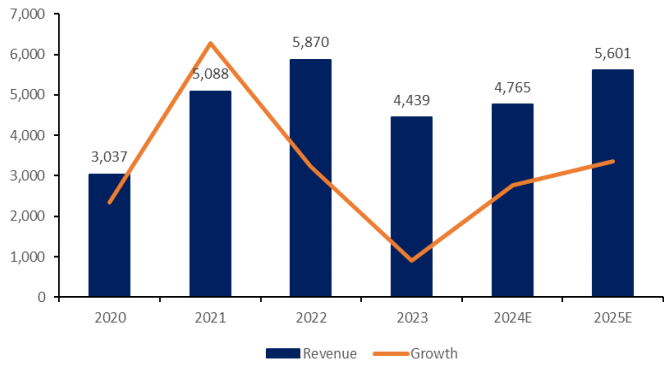



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Source: ASSA

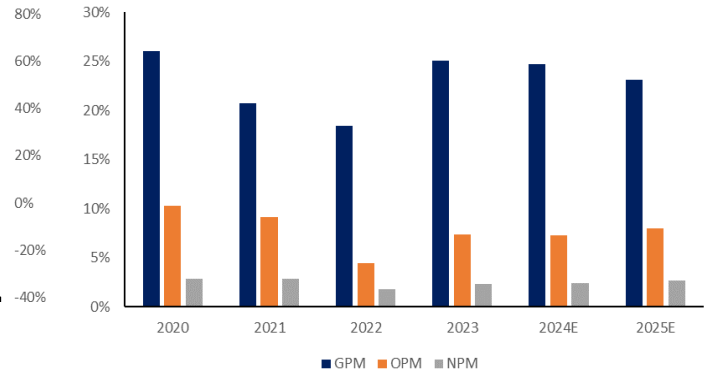
## Performance Highlight Est. Of ASSA

Image 26. ASSA Financial Performance (IDR Billion)



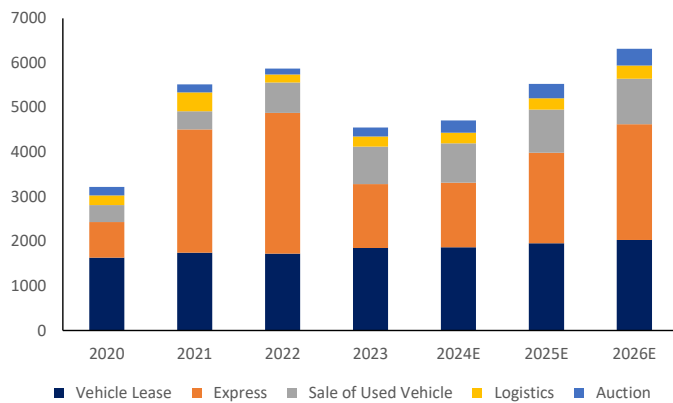
Source: ASSA, NHKSI Research

Image 27. ASSA Margin Ratios (%)



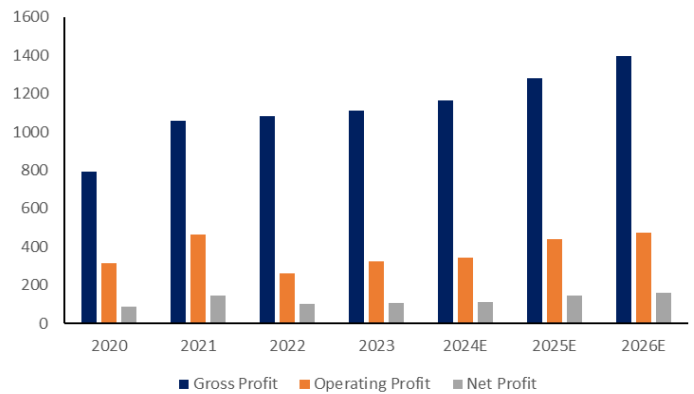
Source: ASSA, NHKSI Research

Image 28. Revenue Breakdown YoY



Source: ASSA, NHKSI Research

Image 29. ASSA's Profitability



Source: ASSA, NHKSI Research

Image 30. ASSA Price Performance (1Y)



Source: Bloomberg NHKSI Research

## Valuation &amp; Recommendation

Image 31. ASSA VS Peers

Name	Ticker	Mkt Cap (IDR Trillion)	Net Sales T12M	P/E	ROE LF	P/B	EV/EBITDA
ADI SARANA ARMADA TBK PT	ASSA IJ	2.77	4.4	26	6	1	6.62
JD LOGISTICS INC	2618 HK	111.37	358.6	73	1	1	5.30
S F HOLDING CO LTD-A	002352 CH	388.30	556.1	21	9	2	3.56
YTO EXPRESS GROUP CO LTD-A	600233 CH	121.82	119.8	13	14	2	3.53
FEDEX CORP	FDX US	1,079.48	1,339.7	13	17	3	6.62
UNITED PARCEL SERVICE-CL B	UPS US	2,014.14	1,385.9	17	36	7	8.45
SBS HOLDINGS INC	2384 JP	11.37	46.9	10.77	13.41	1.36	6.62
<b>Average</b>		<b>620</b>	<b>627</b>	<b>25</b>	<b>14</b>	<b>3</b>	<b>6</b>

Source: Bloomberg, NHKSI Research

For the year 2024 we expect ASSA's growth to improve but not significantly on a top line basis especially from the express segment due to the weakening GMV- E commerce, as the company will now focus more on B2B since it is more profitable following one of the company's targets. This is in line with the company's declining revenue where the company is more focused on achieving profitability and operational efficiency, especially in the logistics and express segments.

**For Anteraja and ASSA logistics, the main catalyst is Halal Logistics in 2024**, addressing the Government of the Republic of Indonesia's policy that requires halal certificates for three product groups, namely food, medicine and cosmetics, from 17 October 2024. Through Cargoshare ASSA has Coldstorage services for the storage of food and other ingredients, where food delivery logistics players must have halal certification. ASSA Logistics and Cargoshare Logistics, have officially obtained halal certificates with numbers ID00410011730431123 and ID00410011730491123. The certificates were issued by the Halal Product Guarantee Organisation (BPJPH) in November 2023.

The next catalyst for growth is the growing volume of e-commerce transactions in Indonesia and the collaboration with Tik-Tok Shop & GoTo where Anteraja is one of their ecosystems that allows Anteraja to get more customers as the social commerce superapp giant has a very large user base, which in Indonesia reaches more than 100 Million users which makes Indonesia the second largest Tik-Tok user in the world. This collaboration is beneficial for all parties as Anteraja can get more potential customers to offer Cloud Warehouse services through Titipaja to Indonesian Tik-Tok Shop users and merchants and also to provide last-mile delivery services to more customers, while also the potential for Anteraja to become one of the preferred partners for the Tik-Tok Shop platform.

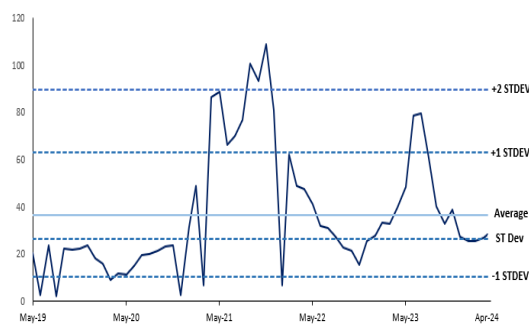
For the car rental business segment, we see that the business will remain stable in growth and become a contributor to the company's bottom line, because ASSA's rental business is aimed at corporate clients (B2B) with relatively long contract periods, ASSA plans to purchase 4,000 to 5,000 units of rental vehicles in 2024 which will help segment revenue. For the used car sales and auction segment, we believe it has the potential to expand the customer base with declining new car sales based on data for 2023 supported by the lifting of the PpnBM discount in 2022 making the used car market option attractive and more affordable for consumers with a total GMV of more than IDR 6 Trillion on the JBA application.

**ASSA's profitability has consistently grown, and we believe that ASSA's recovery in 2025** will happen as the company continues to expand and improve efficiency through its integrated business pillars. We believe that ASSA's main growth potential lies in its strong logistics and transport ecosystem. It is also evident from the company's commitment to continue to invest in the business with a target of IDR 1.3 trillion-IDR 1.5 trillion capital expenditure in 2024, and during FY23 despite declining revenue gross profit continued to grow for the last 8 years.

We recommend to Buy ASSA with a target price of IDR 990 (+33.8%), implying a P/E ratio of 32.7x, which is equivalent to -0.15 Standard Deviation of the 5 Year Average Forward PE. We believe that this target price is quite conservative considering what ASSA already has in terms of ecosystem, with consideration of future earnings potential.

The biggest risks of this call are: 1) changing & counterproductive domestic regulations 2) strategy execution errors in integration between ecosystems. 3) geopolitical risks as well as local economic downturn that could reduce purchasing power and reduce operating income per segment.

Image 32. Forward PE ASSA (5 Year)



Source: Bloomberg, NHKSI Research



## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Revenue	4,439	4,765	5,601	6,397
Growth	-24.4%	7.4%	17.5%	14.2%
COGS	4,788	3,593	4,299	4,973
<b>Gross Profit</b>	<b>1,112</b>	<b>1,172</b>	<b>1,302</b>	<b>1,423</b>
Gross Margin	18.4%	24.6%	23.2%	22.3%
Operating Expenses	(820)	(829)	(850)	(933)
<b>EBIT</b>	<b>262</b>	<b>343</b>	<b>452</b>	<b>491</b>
EBIT Margin	4.5%	7.2%	8.1%	7.7%
Depreciation	863	913	959	1,007
<b>EBITDA</b>	<b>1,125</b>	<b>1,257</b>	<b>1,411</b>	<b>1,498</b>
EBITDA Margin	19.2%	26.4%	25.2%	23.4%
<b>EBT</b>	<b>7</b>	<b>74</b>	<b>160</b>	<b>175</b>
Income Tax	4	45	50	45
Minority Interest	(99)	(83)	(49)	(49)
<b>Net Profit</b>	<b>103</b>	<b>112</b>	<b>159</b>	<b>179</b>
Growth	-27.8%	8.3%	42.4%	12.5%
Net Profit Margin	1.8%	2.3%	2.8%	2.8%

### BALANCE SHEET

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Cash	895	902	982	1,005
Receivables	311	388	359	408
Inventories	63	64	73	84
<b>Total Current Assets</b>	<b>1,466</b>	<b>1,587</b>	<b>1,660</b>	<b>1,755</b>
Net Fixed Assets	5,393	5,510	5,778	6,199
Other Non Current Assets	476	485	473	454
<b>Total Assets</b>	<b>7,336</b>	<b>7,583</b>	<b>7,911</b>	<b>8,407</b>
Payables	470	477	561	600
ST Debt	1,151	1,169	1,230	1,250
LT Debt	2,792	2,831	2,908	3,006
<b>Total Liabilities</b>	<b>4,733</b>	<b>4,848</b>	<b>4,956</b>	<b>5,134</b>
Capital Stock	369	369	369	369
Retained Earnings	931	1,043	1,154	1,313
<b>Shareholders' Equity</b>	<b>2,602</b>	<b>2,735</b>	<b>2,956</b>	<b>3,274</b>

### CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Operating Cash Flow	218	333	349	269
Investing Cash Flow	(366)	(526)	(730)	(745)
Financing Cash Flow	(26)	41	203	193
<b>Net Changes in Cash</b>	<b>(173)</b>	<b>7</b>	<b>81</b>	<b>22</b>

### PROFITABILITY & STABILITY

	2023/12A	2024/12F	2025/12F	2026/12F
ROE	4.5%	4.3%	5.6%	5.7%
ROA	1.5%	1.5%	2.1%	2.2%
Inventory Turnover	52.56	74.43	76.50	76.50
Days Inventory Outstanding	6.94	4.90	4.77	4.77
Receivables Turnover	14.28	14.45	15.61	15.67
Account Receivable Days	25.55	25.27	23.38	23.29
DER	152%	146%	140%	130%
Current Ratio	0.88	0.91	0.93	0.93
Quick Ratio	0.58	0.55	0.59	0.57
DAR	0.54	0.53	0.52	0.51
Total Shares (mn)	3691	3691	3691	3691
Share Price (IDR)	790	989	989	989
Market Cap (IDR tn)	2.92	3.65	3.65	3.65

### VALUATION INDEX

	2023/12A	2024/12F	2025/12F	2026/12F
Price/Earnings	28.1x	32.7x	23.0x	20.4x
Price/Book Value	1.1x	1.3x	1.2x	1.1x
EV/EBITDA	6.3x	6.9x	6.3x	6.1x
EV (IDR bn)	7,822	8,638	8,855	9,110
BVPS (IDR)	705	741	801	887
Basic EPS (IDR)	28	30	43	48

### TOP OWNERSHIP

Shareholders	%
PT Adi Dinamika Investindo	23.08
PT Daya Adicipta Mustika	17.65
Prodjo Sunarjanto	9.26
Permadi IR T	5.1
Theodore Permadi Rachmat	4.8
<b>By Geography</b>	
Indonesia	59.53
Unknown	33.25
Norway	3.24

Source: Company Data, Bloomberg, 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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