

Adi Sarana Armada Tbk (ASSA IJ)

Soaring Start: Company's Q1 Ignites Optimism

Solid results in the first quarter of 2024, where ASSA managed to book a +37% YoY net profit of IDR 71 billion, much higher compared to the 2023's first quarter profit of IDR 51.83 billion. This net profit was in line with ASSA's revenue, which grew by 3.1% to IDR 1.18 trillion from IDR 1.14 trillion during the first quarter of 2023.

A Strong Quarter-on-Quarter Topline Growth

- The company's revenue grew +20.8% quarter-on-quarter (QoQ) to IDR 1.18 trillion, from the previous quarter's IDR 979 billion, the strengthening is expected to continue in the second quarter of 2024, with volume levels in vehicle rental and express delivery & logistics, which are the core business of the company.

Growing Revenue in All Company Segments

- The strengthening of the company's revenue was supported by a strong revenue of each segment, starting from the company's main segment, vehicle rental, which grew +4.6% YoY to IDR 467 billion from IDR 446 billion.
- The Auction segment experienced the highest topline growth of +53.4% YoY to IDR 59 billion from IDR 39 billion. Followed by the logistics segment, +24.2% YoY to IDR 72 billion from IDR 58 billion, and the used vehicle sales segment +14.8% to IDR 208 billion from IDR 181 billion.

Express Segment Returns to Positive after Being Minus for 7 Quarters

- The B2B strategy implemented in early 2023 in the express segment yielded excellent results in the first quarter with QoQ revenue growth of +28.6% to IDR 376 billion from IDR 292 billion.
- Operating Income in this segment reached a positive level of IDR 25 billion compared to IDR -35 billion in the same quarter last year and IDR -43 billion last quarter.
- This achievement is in line with the company's strategy to focus on the B2B market which increases efficiency & profitability given the large volume of goods per shipment.

Efficiency & Profitability Become the Company's Main Agenda

- The company's Operating Expenses fell -21% QoQ from IDR 221 billion to IDR 175 billion in the first quarter and -9% YoY compared to the first quarter of 2023 at IDR 192 billion.
- The decrease in expenses also helped the company's net profit to be positive in the first quarter of 2024, amounting to IDR 71 billion from IDR -15 billion in the previous quarter.

On Track to 2024 Target

- This strong performance in the first quarter of 2024 reflects the company's commitment to pursue profitability through each of its business segments. We see the company's targets as achievable with positive growth in each segment starting from Car rental with full year growth of 5-10%, then logistics and express which will improve bottom line in 2024 supported by the implementation of halal logistics in Indonesia in October 2024, and ASLC which targets double digit growth in revenue and net profit.

Recommendation to Maintain BUY with TP at IDR 990

- We keep recommending Buy for ASSA, with a target price of IDR 990/share. This TP implies a P/E ratio of 32.7x or -0.15 Standard Deviation Average Forward PE 5 Year.
- As for the risks of our recommendation are: 1) changing & counterproductive domestic regulations that may reduce purchasing power, which could decrease operating income of each segment. 2) strategy execution errors in integration between ecosystems.

PT 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

Company Report | May 06, 2024

BUY

Price Target (IDR)	990
Consensus Price (IDR)	1,045
TP to Consensus Price	-5.26%
Potential Upside	26.11%

Shares data

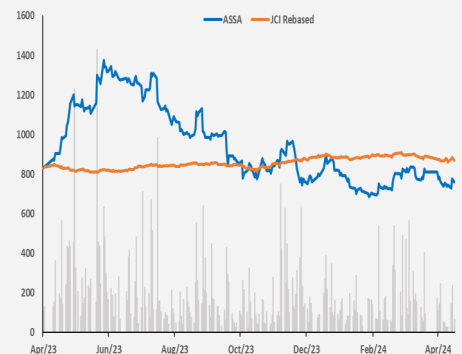
Last Price (IDR)	785
Price Date as of	03-May-24
52 wk Range (Hi/Lo)	1420/685
Free Float (%)	36.16
Outstanding sh.(mn)	3,691
Market Cap (IDR bn)	2,898
Market Cap (USD mn)	180
Avg. Trd Vol - 3M (mn)	181.28
Avg. Trd Val - 3M (bn)	10.69
Foreign Ownership (%)	9.06

Transportation & Logistics

Transportation

Bloomberg	ASSA IJ
Reuters	ASSA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-5.4%	1.3%	9.0%	-15.6%
Rel. Ret.	-2.8%	1.7%	10.5%	-20.3%

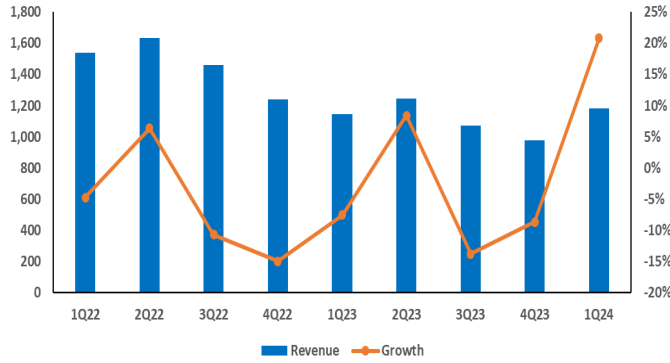
Richard Jonathan Halim

(021) 5088 9128

richard.jonathan@nhsec.co.id

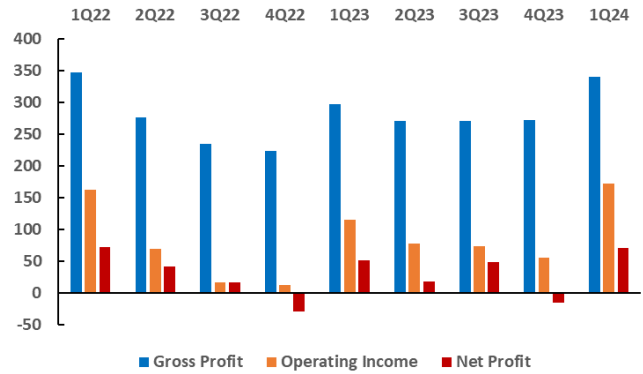
Performance Highlights

ASSA's Revenue Growth (IDR Bn)



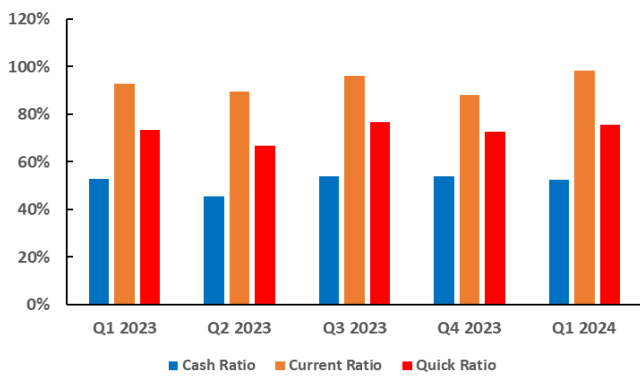
Source: Company Data, NHKSI Research

ASSA's Profitability



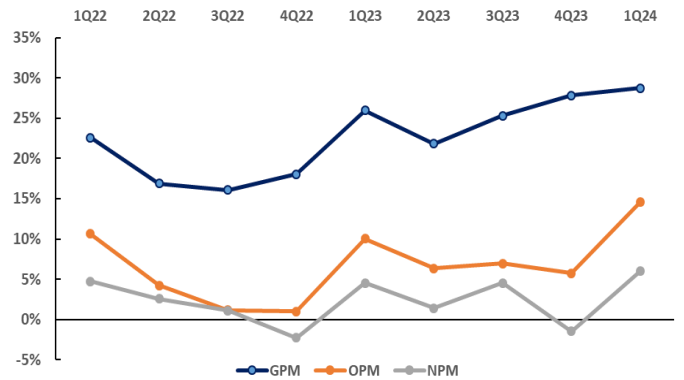
Source: Company Data, NHKSI Research

ASSA's Liquidity Ratio



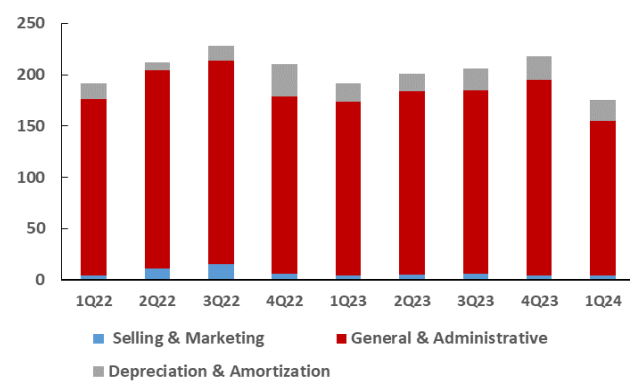
Source: Company Data, NHKSI Research

ASSA's Margin Ratio



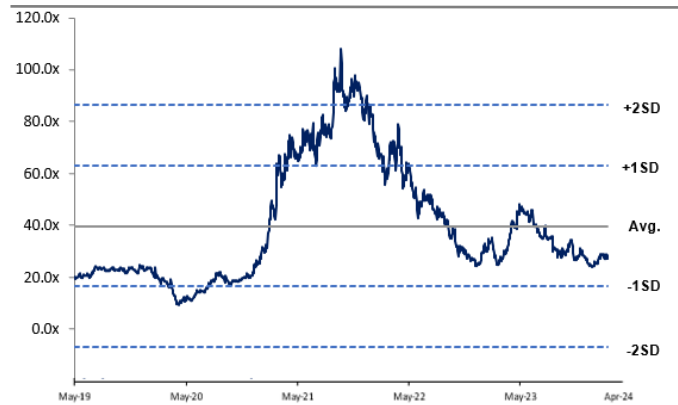
Source: Company Data, NHKSI Research

ASSA's OPEX (IDR Bn)



Source: Company Data, NHKSI Research

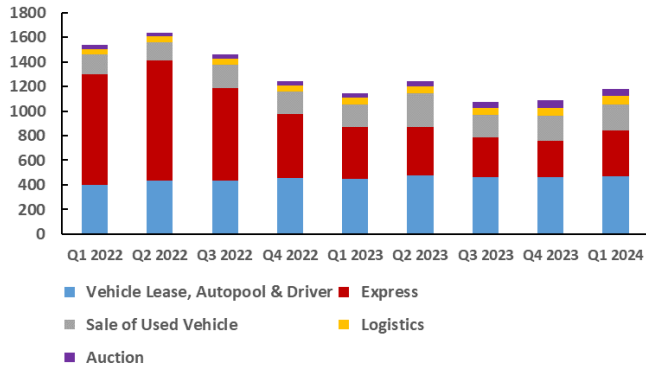
ASSA's Forward PE | 5 Year



Source: Company Data, NHKSI Research

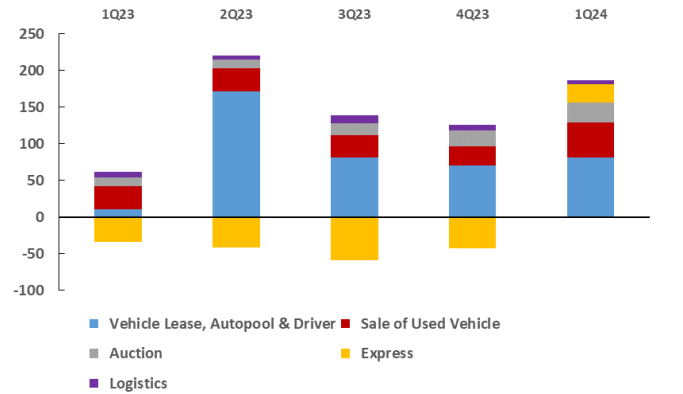
Performance Highlights

ASSA's Revenue by Segment (IDR Bn)



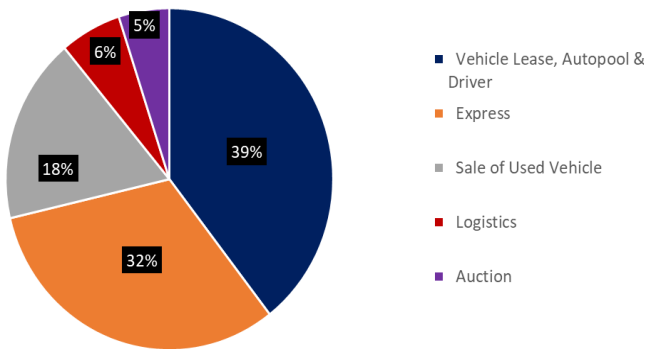
Source: Company Data, NHKSI Research

ASSA's Operating Income by Segment (IDR Bn)



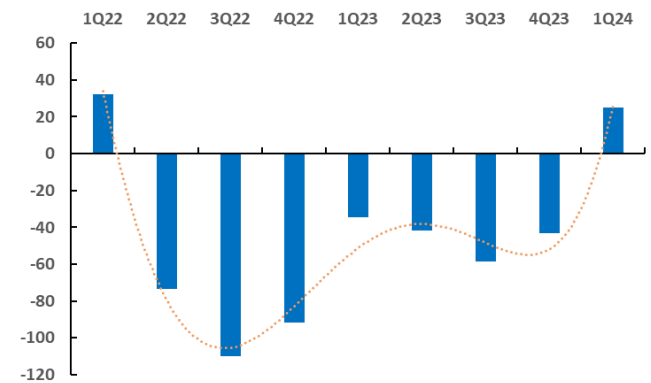
Source: Company Data, NHKSI Research

ASSA's Revenue Breakdown per Segment (1Q24)



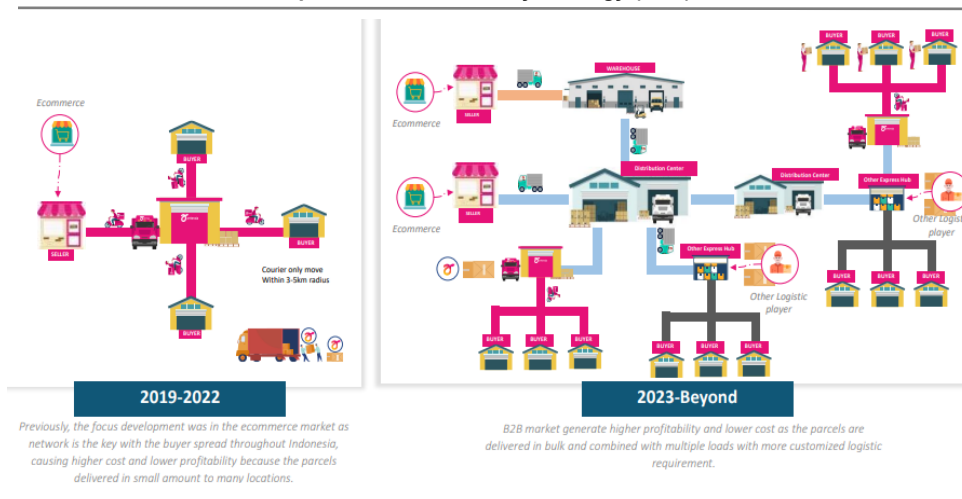
Source: Company Data

Express Segment | Operating Income (IDR Bn)



Source: Company Data, NHKSI Research

Express New Profitability Strategy (B2B)



Source: Company Data

Summary of Financials

INCOME STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Revenue	4,439	4,765	5,601	6,397
<i>Growth</i>	-24.4%	7.4%	17.5%	14.2%
COGS	4,788	3,593	4,299	4,973
Gross Profit	1,112	1,172	1,302	1,423
<i>Gross Margin</i>	18.4%	24.6%	23.2%	22.3%
Operating Expenses	(820)	(829)	(850)	(933)
EBIT	262	343	452	491
<i>EBIT Margin</i>	4.5%	7.2%	8.1%	7.7%
Depreciation	863	913	959	1,007
EBITDA	1,125	1,257	1,411	1,498
<i>EBITDA Margin</i>	19.2%	26.4%	25.2%	23.4%
EBT	7	74	160	175
Income Tax	4	45	50	45
Minority Interest	(99)	(83)	(49)	(49)
Net Profit	103	112	159	179
<i>Growth</i>	-27.8%	8.3%	42.4%	12.5%
<i>Net Profit Margin</i>	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
Total Current Assets	1,466	1,587	1,660	1,755
Net Fixed Assets	5,393	5,510	5,778	6,199
Other Non Current Assets	476	485	473	454
Total Assets	7,336	7,583	7,911	8,407
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
Total Liabilities	4,733	4,848	4,956	5,134
Capital Stock	369	369	369	369
Retained Earnings	931	1,043	1,154	1,313
Shareholders' Equity	2,602	2,735	2,956	3,274

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
Net Changes in Cash	(173)	7	81	22

Source: Company Data, NHKSI Research

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

By Geography

Indonesia	59.53
Unknown	33.25
Norway	3.24

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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