

Adi Sarana Armada Tbk (ASSA IJ)

All-Time High Profitability

Impressive results in 9M24, as ASSA managed to strike a record high in earnings per share of Rp 57.6, along with growth in company's net profit of +79.8% YoY to Rp 212.7 billion compared to 9M23 profit of Rp 118.74 billion. Besides the efficiency effect, this growth in profitability was also due to revenue growth of +5.02% YoY to Rp 3.64 trillion from 3.46 trillion.

Solid Top-line & Bottom-line Growth

- ASSA recorded impressive results for 9M-24, with sales up +5.2% YoY to IDR 3.6 trillion. This growth was driven by solid performance across all business segments, especially in the logistics segment which benefited from synergies across the ecosystem. Vehicle rental business contributed 39% of total sales, followed by logistics at 38%, and used vehicles at 23%. COGS fell -2.1% to IDR 2.6 trillion, which increased gross profit by 28.2% YoY and operating profit by 98.9%. EBITDA grew +34.4% to IDR 1.2 trillion, and net profit surged +79.8% to IDR 212.7 billion. ASSA posted a splendid earnings report in 9M24, as sales went upward by +5.2% YoY to Rp 3.6 trillion. The growth buoyed by a solid performance in all business segment, mainly the logistic segment that gain advantage
- ASSA's vehicle rental segment, the largest contributor to revenue, grew steadily to Rp 1.4 trillion (+2.3%, YoY) with a total fleet of approximately 30,000 units in 9M-24. In this segment ASSA takes a more conservative approach to client selection, focusing on stability and long-term partnerships. The recent trend of shifting from asset ownership to vehicle leasing, as many companies cut back on CAPEX, has led to steady growth in this segment.

End to End Logistic Powerhouse

- The Express and Logistics segments are now one in the 9M-24 financial statements, in line with the company's strategy to focus on end-to-end logistics supply chain solutions, not just Anteraja. This merger was done to provide a comprehensive view for analysis. Where growth was seen in 9M-24, the logistics segment recorded sales and operating profit that rose +5.1% and +221.5% YoY, respectively, to reach Rp 1.4 trillion and Rp 136.2 billion, turning positive from a loss in 9M-23. The growth was based on ASSA continuing to expand its reach to existing and new high-value B2B clients, with all logistics segments now showing profitable performance.
- Recent initiatives including the Halal certification achievements by Anteraja and CargoShare in October, have complied with applicable regulations, as well as Coldspace's expansion into cold-chain logistics in Indonesia. These steps strengthen ASSA's position as the largest end-to-end logistics solution provider in Indonesia. In addition, ASSA has also implemented the concept of green logistics by involving electric vehicles (EVs) in its logistics services. As part of this effort, the company has provided electric vans to serve PT Anugerah Phamindo Lestari (APL), which is engaged in healthcare solutions. In cooperation with DFSK (a subsidiary of Dongfeng Motor Group), ASSA has provided a total of 20 units of commercial electric vans of the DFSK Gelora E Blind Van type.
- On the other hand, ASSA also optimizes the use of vehicles with yellow plates through its subsidiaries, which benefit from a lower VAT rate of 1.1%. This allows customers to save 10% on VAT costs. In terms of halal logistics, ASSA is targeting the large F&B segment, with Anteraja focusing on densely populated areas and offering various collaborations for e-commerce. Anteraja will also expand its services beyond last-mile delivery to complete the logistics value chain, helping B2B companies reach end users more effectively.

Used Vehicle & Auction Segment Continues to Grow with Demand

- The trend of switching to more affordable used vehicles by the public is increasingly visible along with the decline in new car sales in Indonesia, which fell from 79.9 thousand to 72.7 thousand units (YoY) in September 2024. Where this condition makes ASSA's used vehicle business continues to grow, driven also by the largest used car sales database in Indonesia. This continued to push Caroline's sales up 18.3% YoY, reaching 2,438 units in 9M-24, along with the addition of six new showrooms. On the other hand, JBA benefited from increased vehicle repositioning, with auctioned units growing 32.9% YoY to around 92,000 units.

Forward Outlook

- The strong performance in line with our expectations and management's guidance in 9M-24, which reflect the company's commitment in pursuing profitability through each of its business segments, can be seen where the company's net profit reached a record high supported by the logistics segment. Going forward in 2025, the company's focus is to achieve a revenue growth target of around 10% which can be realized through new large customers in the FMCG sector that will begin to be served gradually starting next year, with the company's approach to first understand the market. Going forward with the achievement of profitability does not rule out the possibility that the company will continue to distribute dividends with attractive values, where this year ASSA has distributed dividends per share with a total of Rp 40 (including interim dividends) to increase shareholder value.

Recommendation to Maintain BUY with TP at Rp 1100

- We continue to recommend buy for ASSA with a fixed target price of IDR 1100/share, given the company's improving profitability. This TP implies a P/E ratio of 18.1x or equivalent to 0.98 Standard Deviation Forward PE 2 Year. The risks of our recommendation are 1) changing & counterproductive domestic regulations 2) strategy execution errors in integration between ecosystems. 3) Intense competition.

PT Adi Sarana Armada Tbk. | Summary (IDR Bn)

In IDR bn	2023A	2024F	2025F	2026F
Revenue	4,439	4,726	5,191	5,673
Revenue growth	-24.4%	6.5%	9.8%	9.3%
Net profit	103	224	281	348
EPS (IDR)	28	61	76	94
Net Profit growth	-27.8%	117.3%	25.4%	24.0%
NPM	1.8%	4.7%	5.4%	6.1%
ROE	4.5%	8.5%	9.5%	10.4%
ROA	1.5%	3.0%	3.7%	4.3%
P/E	28.1x	18.1x	14.5x	11.7x
P/BV	1.1x	1.4x	1.3x	1.2x
EV/EBITDA	6.3x	5.8x	5.5x	5.0x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Report | Nov 15, 2024

BUY

Price Target (IDR)	1100
Consensus Price (IDR)	1,100
TP to Consensus Price	0.00%
Potential Upside	48.65%

Shares data

Last Price (IDR)	740
Price Date as of	14-Nov-24
52 wk Range (Hi/Lo)	1000/610
Free Float (%)	36.43
Outstanding sh.(mn)	3,691
Market Cap (IDR bn)	2,731
Market Cap (USD mn)	172
Avg. Trd Vol - 3M (mn)	8.13
Avg. Trd Val - 3M (bn)	6.18
Foreign Ownership (%)	9.61

Transportation & Logistics

Transportation

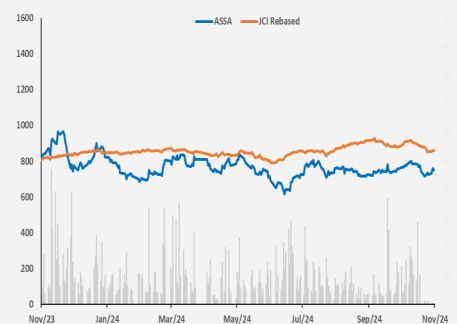
Bloomberg

Reuters

ASSA IJ

ASSA.IK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-10.8%	-3.3%	-2.6%	-8.1%
Rel. Ret.	-9.4%	1.3%	0.3%	-13.2%

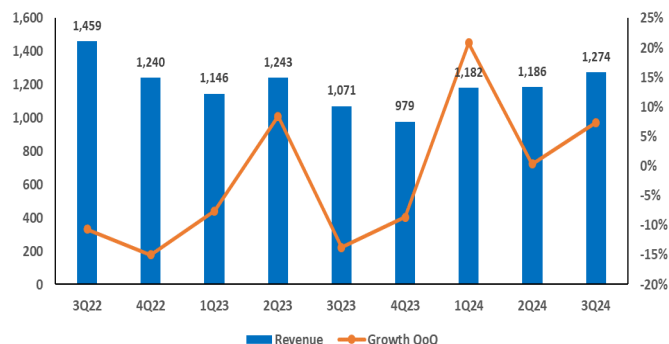
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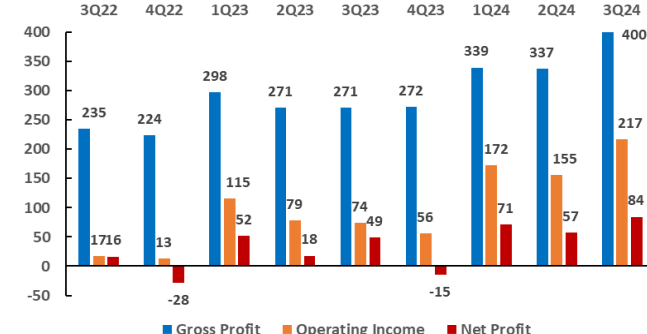
Performance Highlights

ASSA's Revenue Growth (IDR Bn)



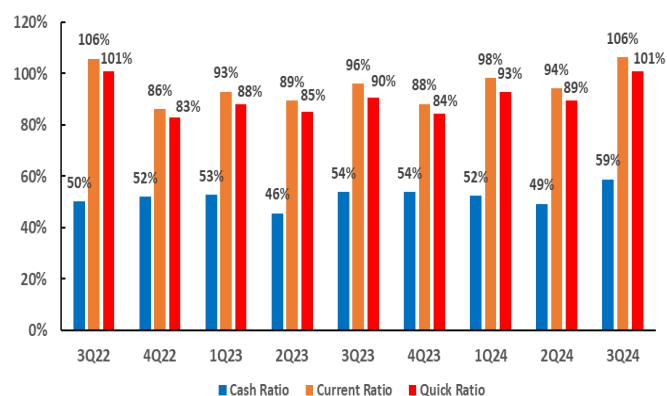
Source: Company Data, NHKSI Research

ASSA's Profitability (IDR Bn)



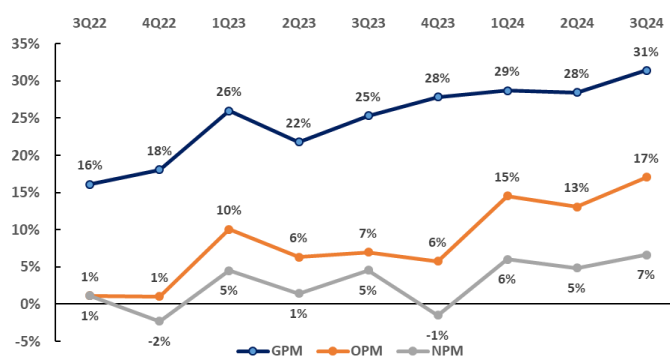
Source: Company Data, NHKSI Research

ASSA's Liquidity Ratio



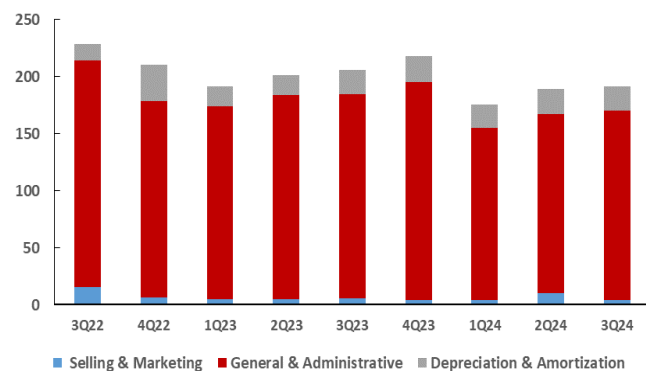
Source: Company Data, NHKSI Research

ASSA's Margin Ratio



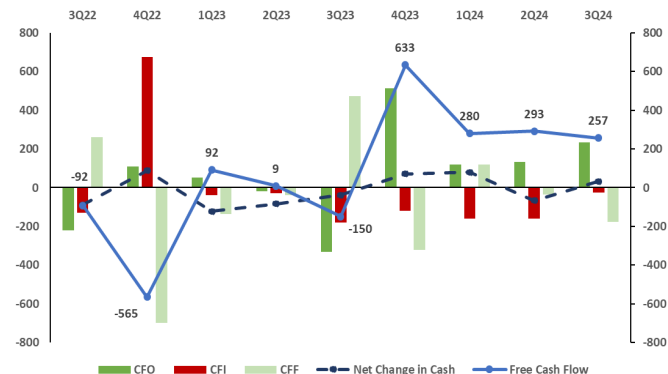
Source: Company Data, NHKSI Research

ASSA's OPEX (IDR Bn)



Source: Company Data, NHKSI Research

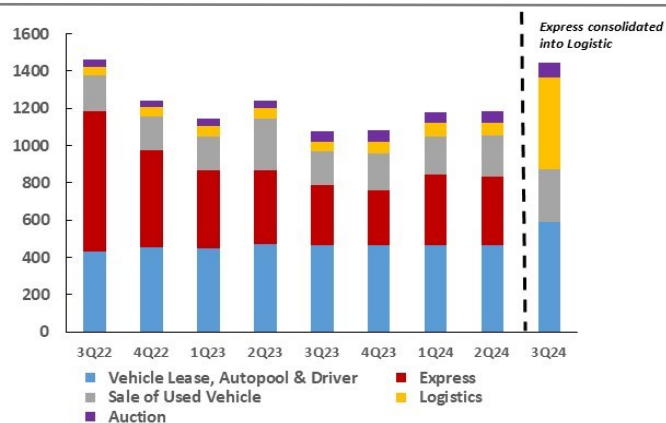
ASSA's Cashflow (IDR Bn)



Source: Company Data, NHKSI Research

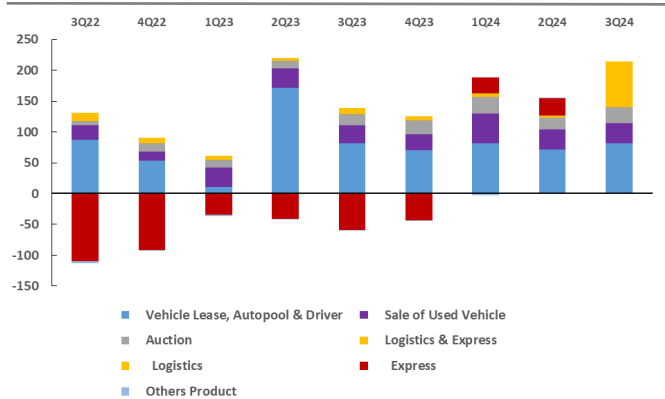
Performance Highlights

ASSA's Revenue by Segment (IDR Bn)



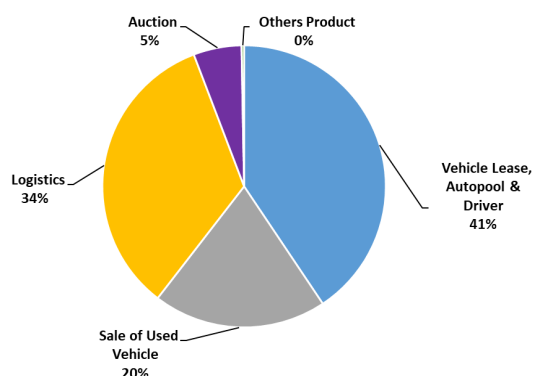
Source: Company Data, NHKSI Research

ASSA's Operating Income by Segment (IDR Bn)



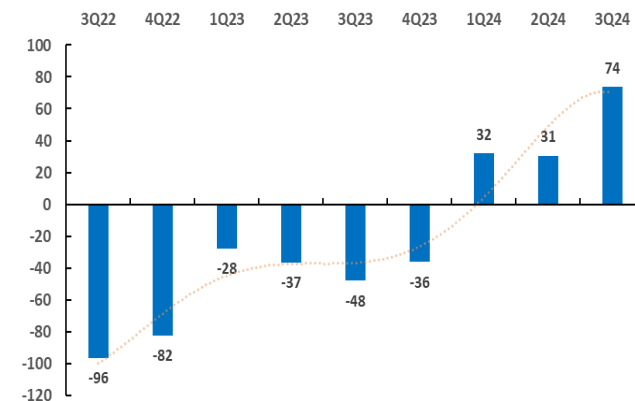
Source: Company Data, NHKSI Research

ASSA's Revenue Breakdown per Segment (3Q24)



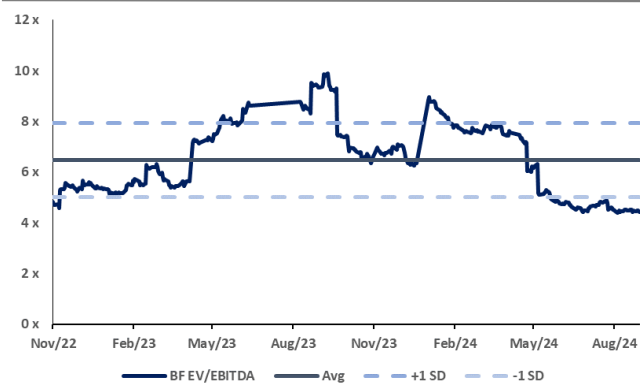
Source: Company Data

Express + Logistic Segment | Operating Income (IDR Bn)



Source: Company Data, NHKSI Research

ASSA's Blended Forward EV/EBITDA | 2 Year



Source: Bloomberg, NHKSI Research

ASSA's Forward PE | 2 Year



Source: NHKSI Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F		2023/12A	2024/12F	2025/12F	2026/12F
Revenue	4,439	4,726	5,191	5,673	ROE	4.5%	8.5%	9.5%	10.4%
Growth	-24.4%	6.5%	9.8%	9.3%	ROA	1.5%	3.0%	3.7%	4.3%
COGS	4,788	3,207	3,484	3,727	Inventory Turnover	52.56	40.00	55.00	55.00
Gross Profit	1,112	1,520	1,707	1,946	Days Inventory Outstanding	6.94	9.13	6.64	6.64
Gross Margin	18.4%	32.2%	32.9%	34.3%	Receivables Turnover	14.28	14.00	14.00	14.00
Operating Expenses	(820)	(898)	(1,038)	(1,191)	Account Receivable Days	25.55	20.00	22.06	21.65
EBIT	262	622	669	755	DER	152%	140%	120%	105%
EBIT Margin	4.5%	13.2%	12.9%	13.3%	Current Ratio	0.88	1.01	1.00	1.17
Depreciation	863	927	974	1,022	Quick Ratio	0.58	0.63	0.56	0.77
EBITDA	1,241	1,549	1,642	1,777	DAR	0.54	0.52	0.48	0.46
EBITDA Margin	19.2%	32.8%	31.6%	31.3%	Total Shares (mn)	3691	3691	3691	3691
EBT	7	356	379	442	Share Price (IDR)	790	1100	1100	1100
Income Tax	4	83	50	45	Market Cap (IDR tn)	2.92	4.06	4.06	4.06
Minority Interest	(99)	49	49	49					
Net Profit	103	224	281	348					
Growth	-27.8%	117.3%	25.4%	24.0%					
Net Profit Margin	1.8%	4.7%	5.4%	6.1%					

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F		2023/12A	2024/12F	2025/12F	2026/12F
Cash	895	972	900	1,264	Price/Earnings	28.1x	18.1x	14.5x	11.7x
Receivables	311	338	371	405	Price/Book Value	1.1x	1.4x	1.3x	1.2x
Inventories	63	80	94	103	EV/EBITDA	6.3x	5.8x	5.5x	5.0x
Total Current Assets	1,466	1,690	1,765	2,072	EV (IDR bn)	7,822	9,001	9,002	8,839
Net Fixed Assets	5,393	5,273	5,371	5,519	BVPS (IDR)	705	765	840	930
Other Non Current Assets	476	620	650	655	Basic EPS (IDR)	28	61	76	94
Total Assets	7,336	7,583	7,787	8,246					
Payables	470	473	519	532					
ST Debt	1,151	1,146	1,106	1,104					
LT Debt	2,792	2,805	2,614	2,659					
Total Liabilities	4,733	4,760	4,686	4,811					
Capital Stock	369	369	369	369					
Retained Earnings	931	1,153	1,375	1,655					
Shareholders' Equity	2,602	2,822	3,101	3,584					

CASH FLOW STATEMENT					TOP OWNERSHIP				
(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F					
Operating Cash Flow	218	469	486	455	Shareholders				%
Investing Cash Flow	(366)	(643)	(639)	(500)	PT Adi Dinamika Investindo				23.08
Financing Cash Flow	(26)	168	(162)	121	PT Daya Adicipta Mustika				17.65
Net Changes in Cash	(173)	77	(72)	364	Prodjo Sunarjanto				9.26
					Permadi IR T				5.1
					Theodore Permadi Rachmat				4.8
					By Geography				
					Indonesia				59.82
					Unknown				32.70
					Norway				3.19

Source: Company Data, 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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