

Thursday, 23 September 2021

BUY
Maintain

Last price (IDR) 850
Target Price (IDR) 1,400
Upside/Downside +64.7%
Previous Target Price (IDR) 1,400

Stock Statistics

Sector Technology
Bloomberg Ticker BUKA IJ
No of Shrs (mn) 103,062
Mkt. Cap (IDRbn/USDmn) 87,603/6,151
Avg. daily T/O (IDRbn/USDmn) 658.9/46.3

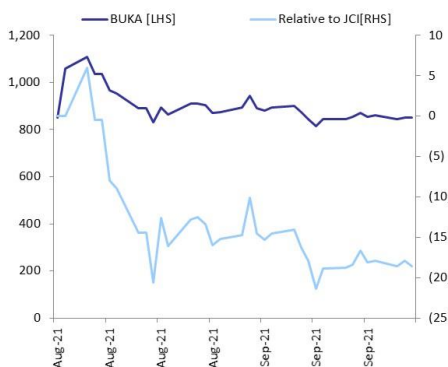
Major shareholders (%)

PT.Kreatif Media Karya 23.9
API (Hong Kong) Investment Ltd 13.1
Estimated free float 23.4

EPS Consensus (IDR)

	2021F	2022F	2023F
Danareksa	(101.3)	(56.4)	(22.9)
Consensus	(14.4)	(14.4)	(9.8)
Danareksa/Cons	605.5	291.8	133.3

BUKA relative to JCI Index



Source : Bloomberg



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Bukalapak.com (BUKA IJ)

Staged for hefty growth; takeaways

Warung TPV is staged for hefty growth & take-rate enrichment with reliable fulfillment across Indonesia partnering with 330+ IDCs for better prices, breadth of SKUs and timely delivery. Its online platforms and marketplace are empowered too as BUKA enters the BNPL arena with StanChart addressing the financial needs of Merchants and Mitras with 3 offerings, and is ready to launch 3 digital banking solutions too. PKPM relaxation offers upside.

Marketplace and all-commerce strategy empowered with partnerships. BUKA has launched its Itemku gaming platform, B-Money for gold trading and mutual funds, as well as digital lending services with StanChart. BUKA is currently upbeat on exploring the types of partnerships it wants with the Salim group, being strong on goods and services upstreaming (including the products and distribution infrastructure) while EMTEK and BUKA are focused on downstreaming and customer facing. BUKA is still exploring deepening its partnership with GRAB to enlist the resellers on GRAB mart, as well as offering fresh food and FMCG to empower the food delivery business partners. The Mitra application can be connected across the different platform ecosystems created by BUKA, including the Marketplace making the process easier for Mitras with low capacity smartphones to engage in bulk buying of non FMCGs.

Complete suite of financial services. BNPL offerings are already operative with Stan Chart. 3 financing lines have been built using the BNPL concept: a) Online Merchants, b) Buy Now Pay Later BNPL itself and c) Mitra financing with BUKA acting as the lead generator for local financial intermediaries. The idea is to support identified Mitras and Merchants through BUKA data analytics to raise working capital funding. There are 3 different revenue structures: a) commission upon the lead that is provided by BUKA, compensation to BUKA upon approval of the loan, and fees after the borrower starts making loan installments, the latter rewarded with a higher single digit fee. BUKA has a prudent fintech approach by unbundling the lending process and initiating the loans based on its data analytics but it is not obligated to claim loan ownership. Working with StanChart is not bounded with exclusivity, and BUKA is also exploring financial services partnerships with GRAB.

Strong distribution in check for better pricing and timely delivery. In terms of logistics, BUKA has extended partnerships with IDC (intermediary distribution centers) covering all provinces of Indonesia, allowing them to source the products directly from the wholesaler. BUKA has increased exposure to 330-340 IDC partners that account for 90% of business volume, while the rest is from DCs (working with distributors). The relationship benefits both parties with sizeable flows that deters IDCs moving their FMCG business elsewhere as BUKA may eliminate them from future flows. Mitras too benefit in terms of better pricing comparable to higher tier cities, as well as timely deliveries and larger availability of SKUs. Apparently, FMCG principals set minimum FMCG prices deterring price war competition.

Key Financials

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Revenue (IDRbn)	1,077	1,352	1,891	2,710	3,747
EBITDA (IDRbn)	(2,627)	(1,622)	(1,586)	(1,290)	(698)
EBITDA Growth (%)	10.5	(38.3)	(2.2)	(18.7)	(45.9)
Net profit (IDRbn)	(2,795)	(1,349)	(1,481)	(825)	(339)
EPS (IDR)	(191.2)	(92.3)	(101.3)	(56.4)	(22.9)
EPS growth (%)	24.6	(51.7)	9.8	(44.3)	(59.3)
BVPS (IDR)	79.0	109.2	1,505.8	1,449.4	1,412.0
DPS (IDR)	125.0	83.0	58.0	55.0	55.5
PER (x)	n/m	n/m	n/m	n/m	n/m
PBV (x)	10.8	7.8	0.6	0.6	0.6
Dividend yield (%)	14.7	9.8	6.8	6.5	6.5
EV/EBITDA (x)	(4.4)	(6.8)	5.9	6.6	11.5

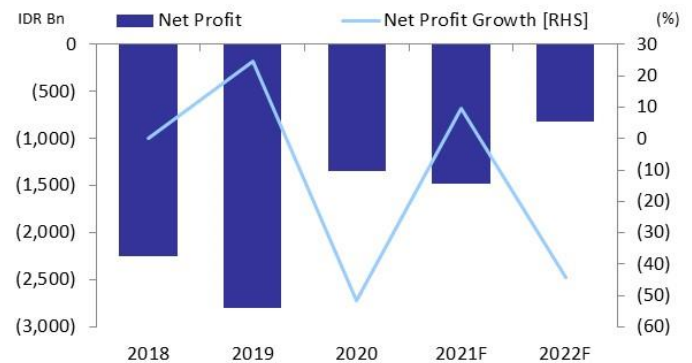
Source : BUKA, Danareksa Estimates

Exhibit 1. Revenues and Growth



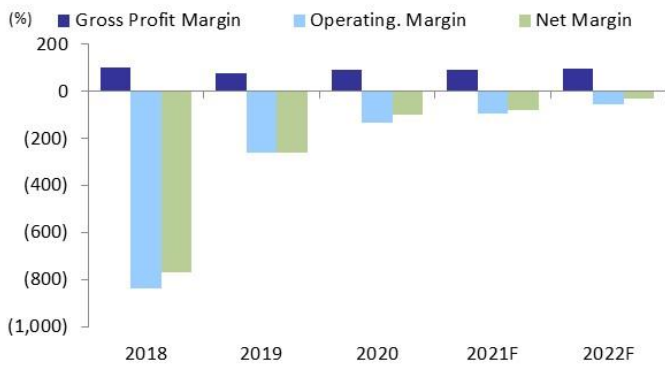
Source: Company, Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth



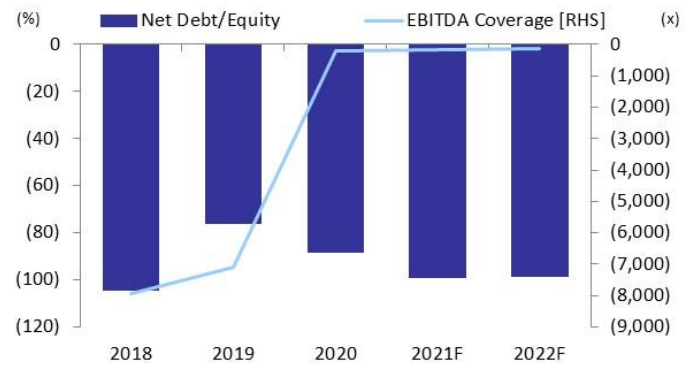
Source: Company, Danareksa Sekuritas estimates

Exhibit 3. Margins



Source: Company, Danareksa Sekuritas estimates

Exhibit 4. Gearing Level



Source: Company, Danareksa Sekuritas estimates

Groceries are promoted over the O2O channel, whereby Mitras engage in group buying of non perishable goods and perishable goods (fresh food), whereby Mitras are willing to take the flow for the latter, but not willing to take inventory risks. This is in the works with a view also to integrate the end users/buyers in the flow by allowing them to order online and pick up the goods from the Mitras.

Exhibit 5. Income Statement

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Revenue	1,077	1,352	1,891	2,710	3,747
COGS	(268)	(123)	(153)	(141)	(148)
Gross profit	809	1,228	1,738	2,569	3,599
EBITDA	(2,627)	(1,622)	(1,586)	(1,290)	(698)
Oper. profit	(2,781)	(1,789)	(1,777)	(1,446)	(802)
Interest income	46	14	148	547	421
Interest expense	0	(9)	(9)	(9)	(9)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(60)	(49)	(9)	(9)	(9)
Pre-tax profit	(2,795)	(1,832)	(1,645)	(916)	(399)
Income tax	0	483	165	92	60
Minority interest	0	0	0	0	0
Net profit	(2,795)	(1,349)	(1,481)	(825)	(339)
Core Net Profit	(2,735)	(1,300)	(1,472)	(816)	(330)

Exhibit 6. Balance Sheet

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Cash & cash equivalent	884	1,484	21,873	21,026	20,617
Receivables	399	177	211	294	408
Inventory	0	0	0	0	0
Other Curr. Asset	160	108	113	117	120
Fixed assets - Net	452	272	272	272	272
Other non-curr.asset	159	552	552	552	552
Total asset	2,054	2,594	23,020	22,260	21,969
ST Debt	0	0	0	0	0
Payables	326	373	335	337	337
Other Curr. Liabilities	505	509	571	634	682
Long Term Debt	0	58	51	51	51
Other LT. Liabilities	68	46	46	46	46
Total Liabilities	898	986	1,003	1,068	1,116
Shareholder's Funds	1,155	1,597	22,017	21,192	20,853
Minority interests	0	11	0	0	0
Total Equity & Liabilities	2,054	2,594	23,020	22,260	21,969

Exhibit 7. Cash Flow

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Net income	(2,795)	(1,349)	(1,481)	(825)	(339)
Depreciation and Amort.	154	167	191	156	104
Change in Working Capital	(479)	326	(14)	(23)	(70)
Other Oper. Cash Flow	(16)	(364)	(140)	(538)	(412)
Operating Cash Flow	(3,136)	(1,220)	(1,444)	(1,229)	(716)
Capex	(70)	13	(191)	(156)	(104)
Others Inv. Cash Flow	50	(44)	148	547	421
Investing Cash Flow	(20)	(31)	(42)	390	316
Net change in debt	0	58	(7)	0	0
New Capital	1,991	1,791	21,901	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	0	2	(19)	(9)	(9)
Financing Cash Flow	1,990	1,851	21,875	(9)	(9)
Net Change in Cash	(1,165)	600	20,389	(847)	(408)
Cash - begin of the year	2,049	884	1,484	21,873	21,026
Cash - end of the year	884	1,484	21,873	21,026	20,617

Exhibit 8. Key Ratios

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Growth (%)					
Sales	268.8	25.5	39.9	43.3	38.3
EBITDA	10.5	(38.3)	(2.2)	(18.7)	(45.9)
Operating profit	13.9	(35.7)	(0.7)	(18.6)	(44.5)
Net profit	24.6	(51.7)	9.8	(44.3)	(58.9)
Profitability (%)					
Gross margin	75.1	90.9	91.9	94.8	96.0
EBITDA margin	(244.0)	(120.0)	(83.9)	(47.6)	(18.6)
Operating margin	(258.3)	(132.3)	(94.0)	(53.4)	(21.4)
Net margin	(259.6)	(99.8)	(78.3)	(30.4)	(9.0)
ROAA	(109.2)	(58.1)	(11.6)	(3.6)	(1.5)
ROAE	(179.5)	(98.0)	(12.5)	(3.8)	(1.6)
Leverage					
Net Gearing (x)	(0.8)	(0.9)	(1.0)	(1.0)	(1.0)
Interest Coverage (x)	(7,501.9)	(209.3)	(207.8)	(169.2)	(93.8)

Source : BUKA, Danareksa Estimates

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