

BUY (Unchanged)

Target Price (IDR) 400 (from 400)

Potential Upside (%) 55.0

Price Comparison

Cons. Target Price (IDR) 433

SSI vs. Cons. (%) 92.5

Stock Information

Last Price (IDR) 258

Shares Issued (Mn) 103,062

Market Cap. (IDR Bn) 26,590

52-Weeks High/Low (IDR) 400/220

3M Avg. Daily Value (IDR Bn) 37.5

Free Float (%) 53.4

Shareholder Structure:

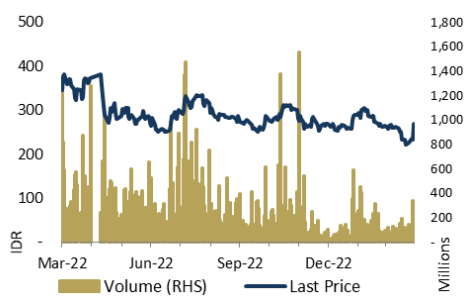
Kreatif Media Karya (%) 24.63

Publik (%) 52.87

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(1.5)	(1.5)	(4.4)	(25.4)
JCI Return	(0.2)	(0.1)	(0.3)	(2.5)
Relative	(1.4)	(1.5)	(4.1)	(23.0)

Stock Price & Volumes, 12M



Company Background

Bukalapak was founded by Achmad Zaky, Muhamad Fajrin Rasyid, and Nugroho Herucahyono in 2010, and became a limited liability company on September 9, 2011. The company provides web portals and commercial digital platforms, and was one of the pioneers of Indonesian e-commerce industry. In 2017, Bukalapak became one of Indonesia's unicorn

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Earliest of the Bunch

Successful strategies, successful year. BUKA posted a net loss of -IDR 1.6 trillion in 4Q22 (vs. -IDR 548 billion in 4Q21), mainly due to the decline in G&A (-59% yoy, -23% qoq) and Mitra's TPV (+17% yoy, -4% qoq). In 4Q22, BUKA booked a consolidated TPV of IDR 41.7 trillion (+20% yoy, +1% qoq) with an astounding revenue of IDR 1.03 trillion (vs. IDR 521 billion in 4Q21), which reflected the success of BUKA's strategy to focus on segments with higher take rates, especially specialty verticals. BUKA's overall take rate went up to 2.46% in 4Q22 (+96 bps yoy, +29 bps qoq) along with a remarkable contribution margin (CM) of IDR 74 billion (vs. -IDR 35 billion in 4Q21). Cumulatively, BUKA posted a net profit of IDR 1.98 trillion in FY22 (EPS growth: -26% yoy), slightly below our estimates (90%) and consensus (88%).

New Initiatives start to bear fruit. One thing that caught our eye from BUKA's FY22 results was its CM; BUKA posted positive CMs for two consecutive quarters, allowing the company to book a positive full-year CM of IDR 31 billion. Of all the tech companies adopting the 3P e-commerce model, we believe that BUKA is the first. Another thing worth mentioning is that the positive CM was mainly driven by higher take rates from both Mitra (2.67%; +122 bps) and e-commerce businesses (2.03%; +137 bps). To boost its e-commerce take rate, BUKA focused on specialty verticals, which naturally have high take rates (ex: Itemku has a take rate of 5-7%). Even though the specialty vertical initiative only contributed 10% of BUKA's FY22 consolidated revenue, we believe it will be one of BUKA's main boosters to achieve profitability; according to the management's guidance, BUKA targets to achieve positive EBITDA in 4Q23 and profitability in 2024.

Firing on all cylinders. We believe BUKA will continue to endorse its Mitra business, given the ample room for take rate improvement and more legroom to reduce operating costs whilst developing its specialty verticals. At the moment, BUKA's Mitra business has a take rate of 2.67% (+122 bps), and there's no sign of a slowdown. We project BUKA to book a modest TPV growth to IDR 184 trillion (+20% yoy) with a higher take rate of 2.6% (+22 bps) and a contribution margin of IDR 615 billion (+1,910% yoy).

BUY, TP IDR 400. We reiterate our BUY rating on BUKA with a TP of IDR 400, implying 4.9x FY23F EV/Sales. We believe BUKA is currently trading at an attractive valuation (2.7x FY23F EV/Sales). **Main Risks:** Lower-than-expected TPV and user transaction, lower-than-expected Mitra penetration rate.

Forecast and Valuations (@ IDR 258 per share)

Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	1,352	1,869	3,618	4,757	6,276
EBITDA (IDR Bn)	(1,728)	(1,798)	1,853	2,006	2,882
EV/TPV(x)	0.3	0.0	0.1	0.0	0.0
Net Profit (IDR Bn)	(1,349)	(1,673)	1,984	2,176	2,772
EPS (IDR)	(13)	(16)	19	21	27
EPS Growth (%)	52%	-24%	na	na	na
P/Sales (x)	19.4	14.0	7.2	5.5	4.2
BVPS (IDR)	16	228	257	278	305
P/BV Ratio (x)	16.3	1.1	1.0	0.9	0.8
P/TPV	0.3	0.2	0.2	0.1	0.1
EV/Sales	18.3	0.8	2.7	1.7	0.8
ROAE(%)	(97.6)	(13.3)	7.9	7.9	9.2
ROAA (%)	(58.1)	(11.5)	7.3	7.6	8.9
EV/EBITDA	(14.3)	(0.8)	5.4	3.9	1.8
Take Rate (%)	1.6	1.5	2.4	2.6	2.8

Figure 1. 4Q22 Results

PT Bukalapak.com (BUKA IJ)								
(IDR Bn)	4Q21	3Q22	4Q22	QoQ (%)	YoY (%)	12M21	12M22	YoY
TPV	34,721	41,306	41,777	1.1	20.3	122,619	153,739	25.4
Revenue	521	898	1,029	14.5	97.3	1,869	3,618	93.6
Contribution Margin	(35)	31	74	na	na	(212)	31	na
Adjusted EBITDA	(393)	(327)	(326)	na	na	(1,410)	(1,288)	na
Net Profit/Loss	(546)	(4,970)	(1,640)	na	na	(1,673)	1,984	na
Take Rate (%)	1.5	2.2	2.5	29 bps	96 bps	1.5	2.4	83 bps
Contribution Margin-to-TPV	(0.1)	0.1	0.2	10 bps	28 bps	(0.2)	0.0	19 bps
EBITDA-to-TPV	(1.1)	(0.8)	(0.8)	1 bps	35 bps	(1.1)	(0.8)	31 bps

Source: Company, SSI Research

Figure 2. Valuation Method

BUKA's Valuation Method	
Sales FY23F	4,757
EV/Sales Target	4.9
Enterprise Value	23,303
Debt	0
Cash	18,292
Equity Value	41,595
Shares Outstanding	103.06
Value per Share	400

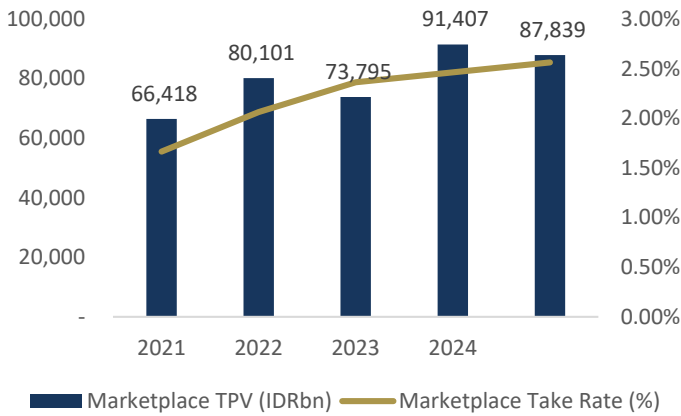
Source: Company, SSI Research

Figure 3. Peers Comparison

Ticker	Name	Market Cap (USDmn)	EV/Sales (x)		P/Sales (x)	
			FY23F	FY24F	FY22F	FY23F
JD US	JD.COM INC-ADR	65,635	0.3	0.3	0.4	0.3
SE US	SEA LTD-ADR	45,922	2.0	2.8	2.8	2.9
PDD US	PINDUODUO INC-ADR	92,098	4.4	2.5	4.4	3.2
VIPS US	VIPSHOP HOLDINGS LTD - ADR	8,923	0.4	0.4	0.2	0.5
JMIA US	JUMIA TECHNOLOGIES AG-ADR	289	1.4	0.1	2.8	1.1
MELI US	MERCADOLIBRE INC	60,145	4.1	3.8	6.4	3.7
CPNG US	COUPANG INC	27,004	1.2	0.9	1.6	1.0
SHOP US	SHOPIFY INC - CLASS A	62,702	7.3	7.3	9.5	7.8
ALE PW	ALLEGRO.EU SA	6,334	5.0	3.1	3.7	2.5
EBAY US	EBAY INC	23,016	2.7	2.6	2.1	2.3
603613 CH	BEIJING UNITED INFORMATION-	6,062	0.9	0.3	1.5	0.3
2678 JP	ASKUL CORP	1,265	0.3	0.3	0.3	0.4
8454 TT	MOMO.COM INC	6,456	1.3	1.3	1.0	1.4
4385 JP	MERCARI INC	2,785	2.4	1.7	2.5	2.0
OSTK US	OVERSTOCK.COM INC	880	0.3	0.3	0.4	0.5
ETSY US	ETSY INC	13,096	6.3	4.6	5.4	4.2
Weighted Average			4.1	3.5	4.9	3.7

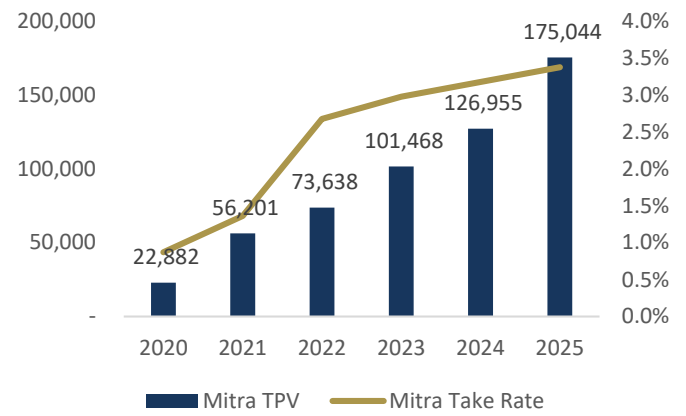
Source: Bloomberg, SSI Research

Figure 4. E-commerce TPV & Take Rate



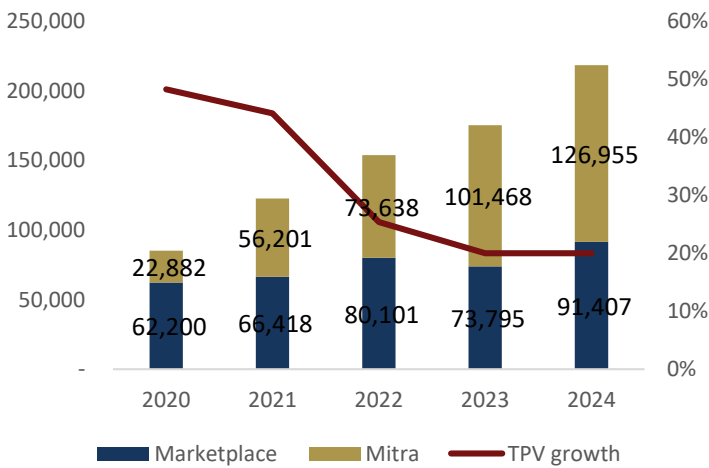
Source: Company, SSI Research

Figure 5. Mitra TPV & Take Rate



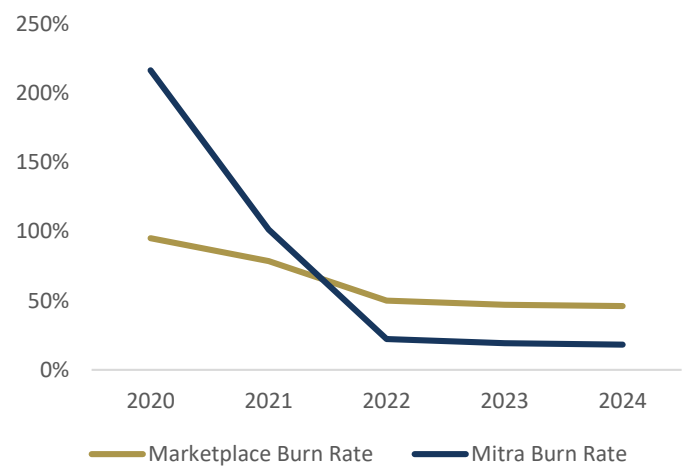
Source: Company, SSI Research

Figure 6. E-Commerce and Mitra TPV Breakdown



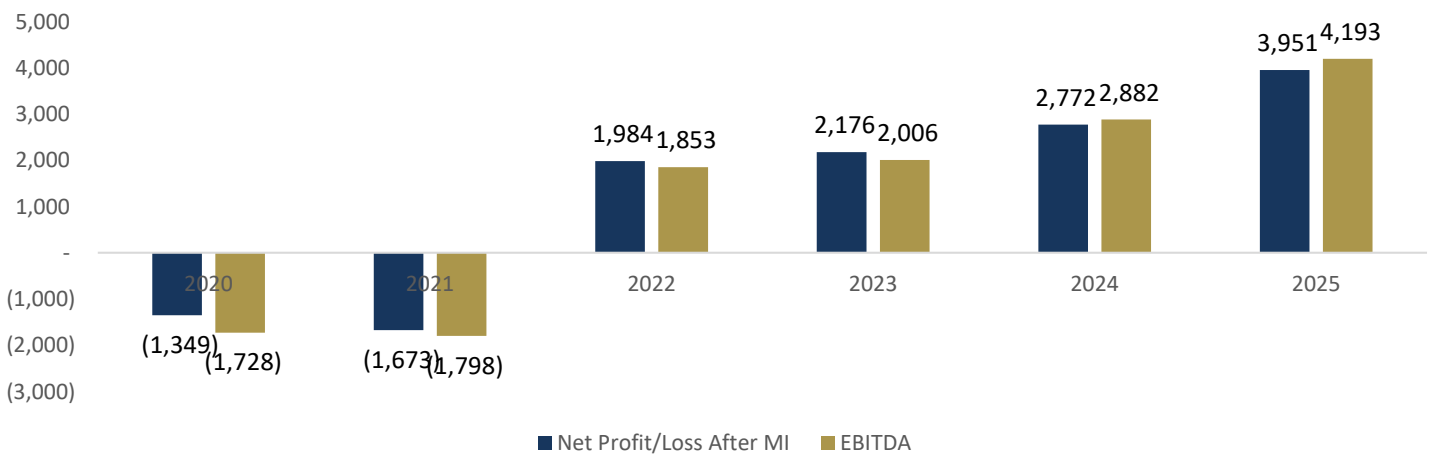
Source: Company, SSI Research

Figure 7. E-commerce and Mitra Burn Rate



Source: Company, SSI Research

Figure 7. Net Profit and EBITDA forecast



Source: Company, SSI Research

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenues	1,869	3,618	4,757	6,276	8,151
Cost of goods sold	(441)	(2,560)	(2,744)	(2,712)	(3,148)
Gross Profit	1,428	1,058	2,014	3,564	5,003
SGA Expense	(3,137)	(3,234)	(4,027)	(4,721)	(4,873)
Operating Profit	(1,709)	1,760	1,921	2,778	4,065
EBITDA	(1,798)	1,853	2,006	2,882	4,193
Finance Income	227	541	541	356	401
Finance Expenses	(18)	(7)	(7)	(7)	(7)
Pre-tax profit	(1,501)	2,270	2,455	3,127	4,458
Income Tax	(175)	(293)	(286)	(364)	(519)
Profit for Period	(1,676)	1,978	2,170	2,763	3,939
Minority Interest	(3)	(6)	(7)	(8)	(12)
Net Profit	(1,673)	1,984	2,176	2,772	3,951

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash & equivalents	24,700	16,256	18,292	20,866	24,606
Receivables	108	69	91	120	156
Others	1,039	5,609	5,609	5,609	5,609
Total Current Assets	25,849	22,005	24,068	26,670	30,459
Net Fixed Asset	69	23	155	321	531
Other Non-Current Asset	698	5,378	5,378	5,378	5,378
Total Assets	26,616	27,406	29,601	32,370	36,367
ST. Bank loan	2,000	-	-	-	-
Payables	412	271	289	286	332
Other current Liabilities	595	538	538	538	538
Total Current Liabilities	3,007	809	828	824	870
LT. Debt	-	-	-	-	-
Other LT Liabilities	112	99	99	99	99
Total Liabilities	3,120	908	927	923	969
Minority Interest	26	11	11	11	11
Total Equity	23,496	26,498	28,675	31,446	35,398

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	(1,673)	1,984	2,176	2,772	3,951
D&A	89	51	(85)	(103)	(128)
Changes in Working Capital	(738)	(4,799)	(8)	(32)	(2)
Operating Cash Flow	(1,409)	(632)	2,084	2,637	3,822
Capital Expenditure	(291)	(97)	(48)	(63)	(82)
Others	(950)	(4,680)	-	-	-
Investing Cash Flow	(659)	(6,008)	(48)	(63)	(82)
Net - Borrowing	2,000	(2,000)	-	-	-
Other Financing	23,271	1,034	-	-	-
Financing Cash Flow	25,271	(2,010)	-	-	-
Net - Cash Flow	23,203	(8,650)	2,036	2,574	3,740
Cash at beginning	1,484	24,700	16,256	18,292	20,866
Cash at ending	24,700	16,256	18,292	20,866	24,606

Key Ratios					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Gross Profit Margin (%)	76.4	29.3	42.3	56.8	61.4
Operating Margin (%)	(91.4)	48.6	40.4	44.3	49.9
EBITDA Margin (%)	(96.2)	51.2	42.2	45.9	51.4
Pre-Tax Margin (%)	(80.3)	62.7	51.6	49.8	54.7
Net Profit Margin (%)	(89.5)	54.8	45.7	44.2	48.5
Debt to Equity (%)	-	-	-	-	-
Net Gearing (%)	-	-	-	-	-

Major Assumption					
	21A	22A	23F	24F	25F
Blended TPV Growth	44%	25%	20%	20%	20%
Blended Take Rate	1.5%	2.4%	2.6%	2.8%	3.1%
Blended Burn Rate	-88%	-29%	-29%	-28%	-25%
Mitra TPV Growth	146%	31%	38%	25%	38%
Marketplace TPV Growth	7%	21%	-8%	24%	-4%

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