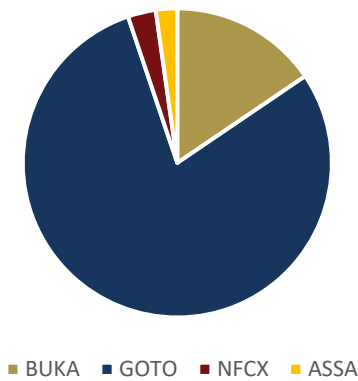


## Neutral

### Stock Recommendation

Ticker	Rating	Price (IDR)	TP (IDR)	Upside
BUKA	BUY	234	400	71%
GOTO	BUY	108	150	39%
NFCX	BUY	7,000	16,000	129%
ASSA	Under-Review			

### Sector Market Cap Weighting



## Is Oasis on the Horizon?

**1Q23 Review: On the right track to profitability.** We reviewed two of the four tech companies under our coverage, BUKA and GOTO, mainly due to the spotlight being put on them on the race to profitability. Firstly, BUKA posted a modest TPV growth of +19% yoy to IDR 40.5 trillion. Interestingly, BUKA posted a positive quarterly contribution margin (CM) of IDR 104 billion (+41% qoq), its second in a row. In addition, BUKA managed to reduce both its adjusted EBITDA loss (to -IDR 209 billion) and net loss (to -IDR 1 trillion) in 1Q23. GOTO also posted a modest GTV growth of +6% yoy to IDR 148.5 trillion. However, GOTO managed to improve its overall gross take rate to 4%, supported by both its on-demand services (21.7%) and e-commerce businesses (3.6%). Same as BUKA, GOTO also managed to book a positive CM of IDR 636 billion and reduce its EBITDA loss (to -IDR 3.5 trillion) and net loss (to -IDR 3.8 trillion).

**Two different approaches, all eyeing the same prize.** BUKA and GOTO, however similar, are approaching profitability using totally different approaches. BUKA is trying to achieve profitability by boosting its specialty verticals, which yield a >7% take rate, to bolster its marketplace business. So far, the approach works beautifully; in 1Q23, gaming specialty stores contributed approximately 20% of BUKA's marketplace TPV. BUKA also plans to further expand its 'specialty vertical' strategy using its abundant cash reserve (IDR 11 trillion). Meanwhile, GOTO prefers a more organic strategy by utilizing its technology to focus on high-quality users (i.e high GTV and sticky users). The strategy works like a charm, as GOTO manages to reduce promotional expenses and raise its platform fee without hurting its performance, enabling the company to book a higher gross take rate. Another notable thing from GOTO is the introduction of GoTo Logistics, a first and last mile in-house delivery service catering for Tokopedia and all GOTO-related deliveries. The goal of the initiative is to reduce third-party shipping costs, which might threaten third-party delivery services. All of these efforts are necessary for both companies in their quest to reach early profitability, as both companies' managements expect to book positive EBITDA in 4Q23. Regardless, we think BUKA might win the race, since we believe GOTO will only achieve the accolade in 2Q24 at the earliest.

**Future outlook.** We believe that with Tokopedia's new platform fee, GOTO might experience a take rate hike of 20-30 bps in 2Q23. Also, we expect GOTO to continue refining its technology, allowing the company to target even more high quality users. Thus, we reiterate our forecast that GOTO will book a net take rate of 2.1% and revenue of IDR 17.9 trillion in FY23F. On the other hand, we continue to favor BUKA's specialty store story, and we are confident that BUKA will book a blended take rate of 2.6% and revenue of IDR 4.7 trillion (+31% yoy)

**Out of the top e-commerce players, BUKA is still the winner.** Choosing between either GOTO or BUKA is tough because both are entering their judgment year. However, at this moment, we have to give a slight edge to BUKA as we believe BUKA is closer to profitability and if all else fails, it still have plenty of ammunition in the armory. **We have BUY rating for both BUKA and GOTO with TPs of IDR 400 and IDR 150, respectively.**

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**Figure 1. GOTO 1Q23 Results**

(IDR Bn)	1Q22	4Q22	1Q23	QoQ (%)	YoY (%)	3M22	3M23	YoY (%)
<b>GTV</b>	139,998	161,924	148,538	-8%	6%	139,998	148,538	6%
<b>Gross Revenue</b>	5,231	6,297	5,981	-5%	14%	5,231	5,981	14%
<b>Net Revenue</b>	1,497	3,380	3,332	-1%	123%	1,497	3,332	123%
<b>Contribution Margin</b>	-3,021	-1,061	636	n/a	n/a	-3,021	636	n/a
<b>EBITDA</b>	-7,032	-6,936	-3,522	n/a	n/a	-7,032	-3,522	n/a
<b>Net Loss</b>	-6,470	-19,496	-3,862	n/a	n/a	-6,470	-3,862	n/a
<b>Gross Take Rate (%)</b>	4%	4%	4%	14	29	4%	4%	29
<b>Net Take Rate (%)</b>	1%	2%	2%	16	117	1%	2%	117
<b>Contribution Margin (%)</b>	-2%	-1%	0%	108	259	-5%	-2%	265

Source: Company, SSI research

**Figure 2. BUKA 1Q23 Results**

(IDR Bn)	1Q22	4Q22	1Q23	QoQ (%)	YoY (%)	3M22	3M23	YoY (%)
<b>TPV</b>	34,115	41,777	40,450	-3%	19%	34,115	40,450	19%
<b>Revenue</b>	788	1,029	1,006	-2%	28%	788	1,006	28%
<b>Contribution Margin</b>	-50	32	104	225%	n/a	-50	104	n/a
<b>Adjusted EBITDA</b>	-372	-326	-209	n/a	n/a	-372	-209	n/a
<b>Net Loss (Profit)</b>	-546	-4,970	-1,640	n/a	n/a	14,551	-1,640	n/a
<b>Take Rate (%)</b>	2.30%	2.50%	2.50%	2	18	2.30%	2.50%	18
<b>CM-to-TPV</b>	-0.10%	0.10%	0.30%	18	40	-0.10%	0.30%	40
<b>EBITDA-to-TPV</b>	-1.10%	-0.80%	-0.50%	26	57	-1.10%	-0.50%	57

Source: Company, SSI research

**Figure 3. ASSA 1Q23 Results**

(IDR Bn)	1Q22	4Q22	1Q23	QoQ (%)	YoY (%)	3M22	3M23	YoY (%)
<b>Revenue</b>	1,536	1,240	1,146	-8%	-25%	1,536	1,146	-25%
<b>Operating Profit</b>	163	16	106	573%	-35%	163	106	-35%
<b>EBITDA</b>	178	48	124	161%	-30%	178	124	-30%
<b>Net Profit</b>	73	-28	52	-283%	-29%	73	52	-29%
<b>Operating Margin</b>	11%	1%	9%	800	-131	11%	9%	-131
<b>EBITDA Margin</b>	12%	4%	11%	699	-77	12%	11%	-77
<b>Net Margin (%)</b>	5%	-2%	5%	680	-23	5%	5%	-23

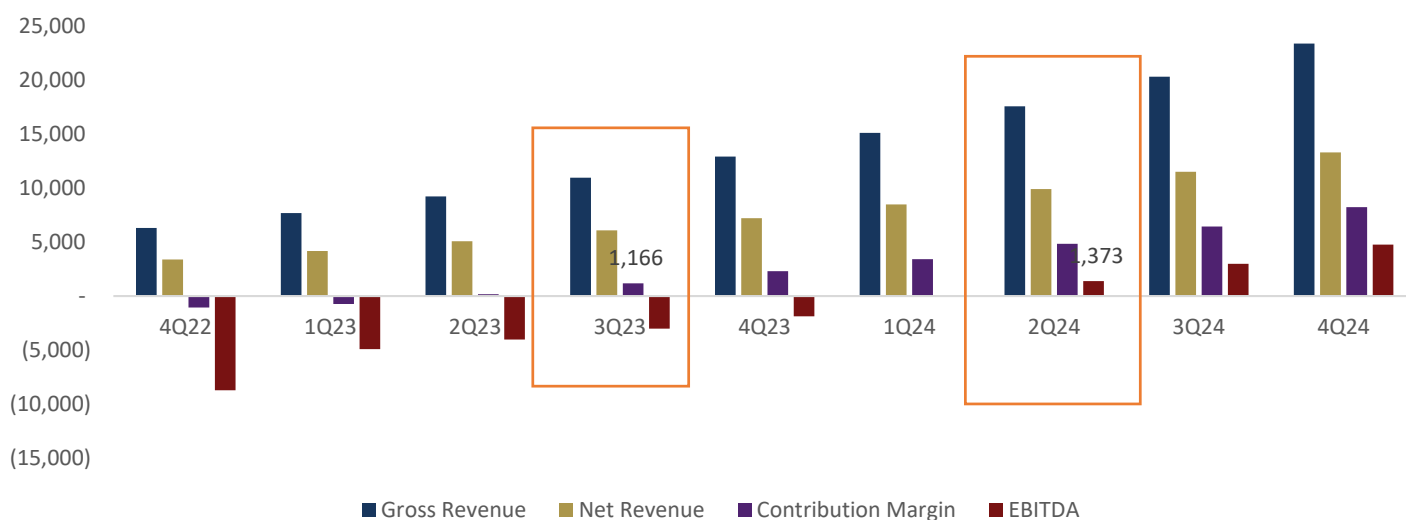
Source: Company, SSI research

Figure 4. NFCX 1Q23 Results

(IDR Bn)	1Q22	4Q22	1Q23	QoQ (%)	YoY (%)	3M22	3M23	YoY (%)
Revenue	2,630	2,474	2,918	18%	11%	2,630	2,918	11%
Gross Profit	32	26	37	43%	13%	32	37	13%
Operating Profit	12	-4	10	-337%	-19%	12	10	-19%
EBITDA	22	4	15	327%	-31%	22	15	-30%
Net Profit	42	-19	3	-116%	-93%	28	3	-89%
Gross Margin (%)	1.20%	1.00%	1.30%	22	2	1.20%	1.30%	2
Operating Margin (%)	0.50%	-0.20%	0.30%	51	-13	0.50%	0.30%	-13
EBITDA Margin (%)	0.80%	0.10%	0.50%	38	-32	0.80%	0.50%	-31
Net Margin (%)	1.60%	-0.80%	0.10%	88	-148	1.00%	0.10%	-95

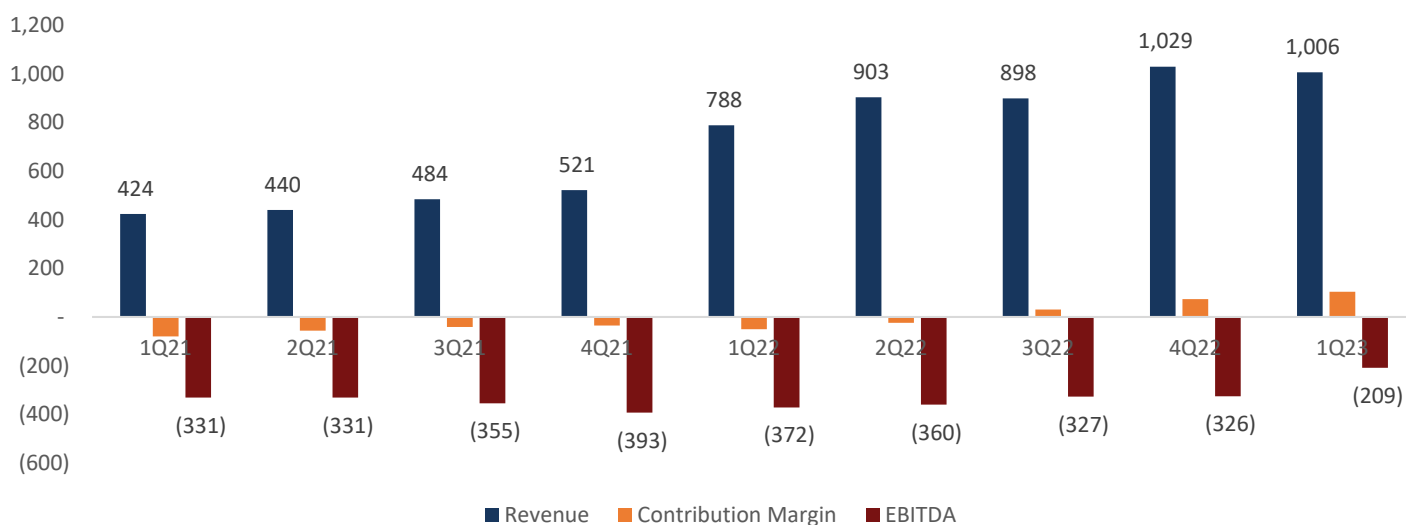
Source: Company, SSI research

Figure 5. GOTO's Quarterly Top Line Projections



Source: Company, SSI research

Figure 6. BUKA's Quarterly Top Line Results



Source: Company, SSI research

**Figure 7. Peers Comparison**

Company	Market Cap (mn)	EV(USD mn)	P/GMV		EV/GMV		EV/Sales		P/S		Sales Growth	
			2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
<b>On-demand</b>	<b>135,230</b>	<b>872,026</b>	<b>0.7</b>	<b>0.6</b>	<b>4.2</b>	<b>3.6</b>	<b>4.2</b>	<b>3.3</b>	<b>4.4</b>	<b>3.5</b>	<b>20%</b>	<b>32%</b>
<b>Mobility</b>												
Uber	50,578	57,949	0.6	0.5	0.69	0.57	1.8	1.6	1.6	1.4	72%	21%
Lyft	4,014	3,282	0.3	0.2	0.22	0.19	0.8	0.7	1.0	0.8	33%	25%
Grab	13,326	8,247	0.8	0.6	0.50	0.37	6.2	4.2	10.0	6.8	80%	104%
<b>Delivery</b>												
Meituan	145,685	959,154	0.7	0.6	4.61	3.95	4.4	3.5	4.6	3.7	16%	32%
Deliveroo	1,976	598	0.2	0.2	0.06	0.05	0.3	0.3	0.8	0.7	8%	22%
Delivery Hero	12,843	14,740	0.3	0.3	0.34	0.30	1.6	1.3	1.3	1.1	40%	37%
DoorDash	18,774	15,483	0.8	0.7	0.66	0.58	2.4	1.9	2.9	2.4	26%	24%
<b>E-commerce</b>	<b>172,878</b>	<b>136,386</b>	<b>0.5</b>	<b>0.4</b>	<b>0.5</b>	<b>0.4</b>	<b>1.9</b>	<b>1.7</b>	<b>2.2</b>	<b>1.9</b>	<b>12%</b>	<b>16%</b>
MercadoLibre	31,584	33,239	1.6	1.3	1.68	1.37	3.2	2.4	3.0	2.3	48%	30%
Sea	29,761	27,884	0.9	0.6	0.84	0.56	2.3	2.0	2.5	2.1	35%	32%
eBay	22,873	26,439	0.5	0.4	0.58	0.46	2.7	2.7	2.3	2.4	-7%	4%
Alibaba	243,520	188,807	0.2	0.2	0.16	0.16	1.5	1.3	1.9	1.7	5%	13%
Bukalapak	1,783	269	0.2	0.2	0.03	0.03	1.4	1.0	8.2	5.9	55%	49%
Global Digital Niag	3,539	3,772	0.2	0.2	0.58	0.46	5.3	3.6	5.0	3.4	n.a	n.a
<b>Fintech</b>	<b>54,956</b>	<b>56,947</b>	<b>1.2</b>	<b>1.0</b>	<b>1.1</b>	<b>0.9</b>	<b>5.3</b>	<b>4.1</b>	<b>5.5</b>	<b>4.2</b>	<b>7%</b>	<b>20%</b>
<b>Wallets</b>												
Pay pal	85,023	85,133	0.1	0.1	0.10	0.10	3.1	2.8	3.1	2.8	11%	16%
<b>Payment Gateway</b>												
Block	38,659	38,314	0.2	0.2	0.20	0.20	2.2	1.9	2.2	1.9	-2%	19%
Fiserv	64,271	85,570	0.9	0.8	1.18	1.02	5.1	4.8	3.8	3.6	2%	8%
Square	38,659	38,314	0.7	0.6	0.68	0.59	2.2	1.9	2.2	1.9	1%	15%
Nu Holding	16,648	13,442	0.8	0.7	0.61	0.53	3.3	2.3	4.1	2.8	119%	53%
Adyen	42,830	35,068	0.1	0.1	0.08	0.08	26.1	16.8	30.2	19.4	-79%	34%
StoneCo	2,645	14,845	0.1	0.1	0.56	0.56	1.5	1.3	1.5	1.2	97%	19%
<b>BNPL</b>												
Humm	63,362	47,577	6.6	5.8	4.98	4.33	0.5	0.5	0.7	0.6	6%	21%
Zip	1,833	1,725	0.3	0.2	0.26	0.23	1.9	1.8	2.0	2.0	58%	41%
Sezzle	60	55	0.0	0.0	0.02	0.02	0.4	0.4	0.5	0.4	46%	-100%
Affirm	2,640	2,436	0.8	0.5	0.74	0.46	1.5	1.1	1.6	1.2	54%	44%
<b>Enabler / SaaS</b>												
Shopify	38,728	35,085	0.5	0.4	0.45	0.36	6.4	5.3	7.0	5.8	26%	30%

Source: Bloomberg, SSI research

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