VKTR Teknologi Mobilitas

Bloomberg: VKTR.IJ | Reuters: VKTR.JK

Automotive Sector

11 July 2023

JCI Index: 6,731

BUY (Initiation)

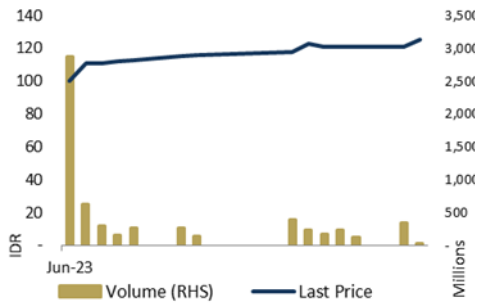
Target Price (IDR)	**140**
Potential Upside (%)	**12.0**

Price Comparison	
Cons. Target Price (IDR)	N/A
SSI vs. Cons. (%)	N/A

Stock Information	
Last Price (IDR)	125
Shares Issued (Mn)	43,750
Market Cap. (IDR Bn)	5,469
52-Weeks High/Low (IDR)	135/105
3M Avg. Daily Value (IDR Bn)	-
Free Float (%)	20.0
Shareholder Structure:	
PT Bakrie & Brothers Tbk. (%)	45.5
PT Bakrie Betal Industries (%)	22.0
PT Kuantum Akselerasi Indonesia (%)	12.4
Public (%)	20.0

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	N/A	N/A	N/A	N/A
JCI Return	(1.4)	0.9	(0.8)	0.5
Relative	N/A	N/A	N/A	N/A

Stock Price & Volumes, 12M



Company Background

PT VKTR Teknologi Mobilitas Tbk (previously called PT Bakrie Steel Industries) is a business focusing on electric vehicles' trading & manufacturing (assembly and carrosserie of electric buses) and electric vehicle spare parts (Original Equipment Manufacturer) trading.

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Mobilizing Green Transport

PT VKTR Teknologi Mobilitas (VKTR), a pioneer of EV buses in Indonesia is the sole brand holder (ATPM) of BYD. VKTR has sold 30 EV buses to TransJakarta (the entire TransJakarta's EV fleet) in 2022 and is expected to supply more than 100 EV buses this year. VKTR will begin 2W EVs sales under the VKTR brand in mid-23. Going forward, we project VKTR's FY23F revenue and net profit to respectively jump +75.9% YoY and +79.4% YoY, supported by the acquisition of PT Bakrie Autoparts and better EV sales. We initiate our coverage on VKTR with BUY and a TP of IDR 140/share based on a SOTP valuation, implying an P/E FY23 of 67.8x and P/E FY26F of 16.4x.

First Mover Advantage in EV Buses. A part of the Bakrie & Brothers Group, VKTR mainly engages in the trading & manufacturing of EVs and other automotive components. As the sole brand holder (APM) of BYD (one of the world's largest EV manufacturers), VKTR has sold more than 50 electric buses to Transjakarta since 2022, and the figure is expected to exceed 100 units by the end of 2023. Not only electric buses, but VKTR will also sell 2W EVs under the VKTR brand, with V type as the first model, to take advantage of the government's supports on EV transition. Next year, VKTR will also introduce retrofit products (ICE-to-EV conversion), both buses and 2W, in collaboration with Equipmake.

Growth From EV Facilities Development. VKTR plans to use part of its Capex to build EV industrial facilities, both for buses (through a partnership with CV Tri Sakti in Magelang; both will build a bodywork factory to increase their products' local component level (TKDN) to comply with government regulations) and 2W (VKTR to collaborate with PT Goodrich Zhong Xing and PT Gaya Abadi Sempurna to launch three new 2W EV models [K, T, and R]). Aside from buses and 2W EVs, VKTR will also expand its business to battery module and pack manufacturing in partnership with Zhejiang GBS Energy Co., Ltd (a Chinese lithium battery integration system manufacturer with more than 15 years of experience in the industry). In addition, we believe that the potential debt repayments will improve VKTR's balance sheet and turn VKTR into a net cash company in FY23F. We then project VKTR to book a revenue of IDR 1.8 trillion in FY23F (+76% YoY) and an EBITDA of IDR 202 billion (+65% YoY), implying an EBITDA margin of 11%. We also project VKTR to book a bottom line of IDR 89 billion, reflecting an EPS growth of +79% YoY.

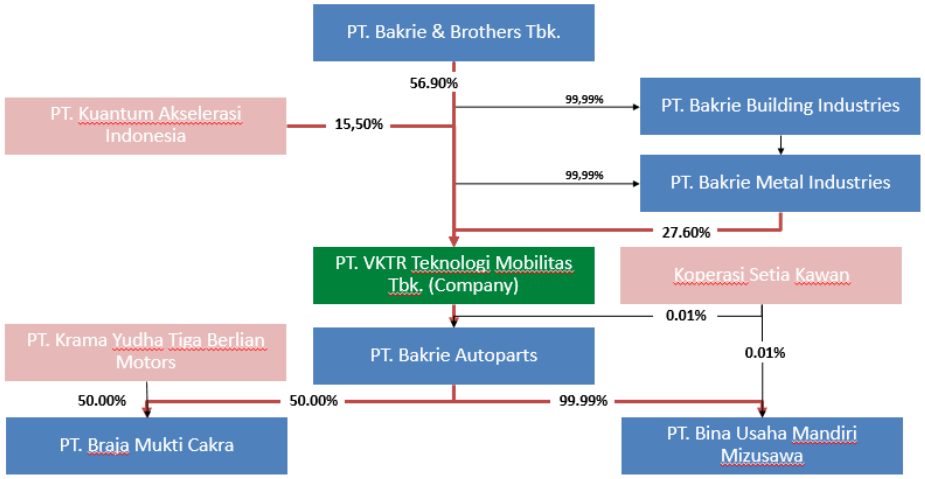
Initiate BUY with TP IDR 140/share (SOTP-based). We initiate VKTR with a BUY rating and a TP of IDR 140/share (SOTP-based) implying a P/E FY23F of 67.8x and P/E FY26F of 16.4x. We put FY26F as our projection PE, since we believe its peak performance will be reflected in said year. Main Risks include lower than expected bus & truck sales and tightening competition in electric bus & truck market.

Valuation (at closing price IDR 125 per share)					
Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	679	1,071	1,884	2,767	4,323
EBITDA (IDR Bn)	71	123	202	290	479
EV/EBITDA(X)	76.8	44.8	23.3	16.5	10.3
Net Profit (IDR Bn)	21	50	89	145	209
EPS (IDR)	0	1	2	3	5
EPS Growth (%)	N/A	138%	79%	62%	45%
P/E Ratio (x)	257	108	60	37	26
BVPS (IDR)	3	6	38	42	47
P/BV Ratio (x)	40	20	3	3	3
DPS (IDR)	-	-	-	-	-
Dividend Yield (%)	-	-	-	-	-
ROAE(%)	19%	24%	9%	8%	11%
ROAA (%)	3%	6%	5%	6%	7%
Interest Coverage (x)	7	14	19	30	54
Net Gearing (x)	0.4	(0.4)	(0.3)	(0.2)	(0.1)

Business Overview

VKTR Teknologi Mobilitas (VKTR) was first established as PT Bakrie Steel Industries in 2007, which engaged in the distribution of spare parts for commercial vehicles and other metal components. In 2018, VKTR commenced its partnership with BYD and launched its e-bus at IMF/ World Bank Conference. In 2019, the company started to distribute commercial vehicles and heavy equipment components for mining contractor companies, palm oil plantations, logistics companies, and other organizations, including ORGANDA, APTRINDO, and IPOMI. In 2022, PT Bakrie Steel Industries transformed into VKTR and shifted its business focus to electric vehicle (EV) trading and manufacturing. VKTR is a pioneer of electric buses in Indonesia, having launched its first product (in collaboration with BYD, a Chinese EV manufacturer) for Transjakarta. As part of its business development efforts, VKTR acquired PT Bakrie Autoparts in 2022.

Figure 1. VKTR's Shareholder Structure

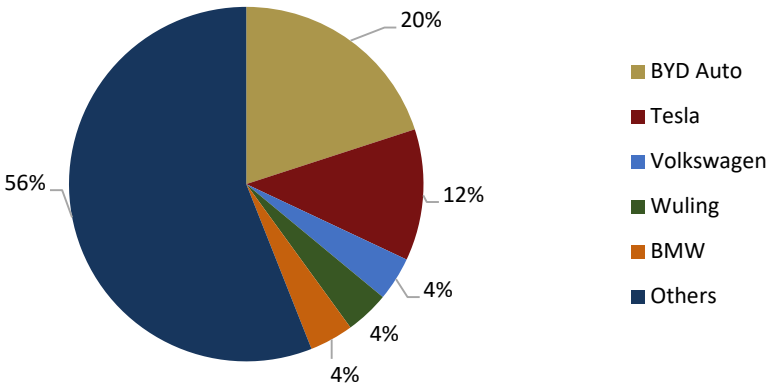


Source: Company, SSI Research

VKTR's manufacturing ecosystem includes electric motorcycles, buses, and trucks. For electric motorcycle (2W EV) manufacturing, VKTR collaborates with PT Gaya Abadi Sempuna Tbk (SLIS) and PT Goodrich Zhong Xing to produce four 2W EV models: type V, K, T, and R, with type V as the first one to be sold to the public (mid-2023). With the collaboration with SLIS and PT Goodrich Zhong Xing, VKTR believes that it can increase its 2W EVs' Domestic Component Level (TKDN) to more than >40%, making them eligible for the government's EV subsidies and more affordable for the public.

VKTR is the sole brand holder (ATPM) of BYD's electric buses and trucks in Indonesia. BYD is one of the global market leaders in EV manufacturing, with a ~20% market share in 4Q22. VKTR supplies electric buses to Transjakarta through the Mayasari Bakti Group. At the moment, Transjakarta operates more than 50 EV buses, with a target of operating >100 units by the end of the year. All of Transjakarta's EV bus fleets are supplied by VKTR, with the first 52 being CBU (Completely Built Up) buses imported from China. As part of its efforts to boost the TKDN of its electric buses, VKTR will collaborate with Tri Sakti to work on the bodyworks. Tri Sakti is based in Magelang, Central Java, and has a 2 Ha production area with a production capacity of up to 15 units of buses/trucks per day.

Figure 2. Global Passenger EV Market Share (4Q22)



Source: Company, SSI Research

VKTR has established a partnership with Equipmake (a British company) to retrofit internal combustion engine (ICE)-powered vehicles into EVs (especially buses and 2Ws) starting next year. To note, Transjakarta has set a target to use as many as 10,000 buses as part of its efforts to replace all of its ICE-powered fleets with electric buses by 2030.

Aside from EVs, VKTR also engages in automotive spare parts manufacturing through Bakrie Autopart (BA), its subsidiary with over 45 years of experience in spare parts manufacturing, especially iron casting. BA supplies its products to well-known automakers, such as Mitsubishi, Hino, UD, Daihatsu, and Isuzu. BA oversees two subsidiaries engaged in iron casting manufacturing, PT Braja Mukti Cakra (BMC) and Bina Usaha Mandiri Mizusawa (BUMM). Not only for automotive, but BA also supplies products for the heavy equipment industry (Komatsu), agribusiness (Yanmar), and pump equipment industry (Panasonic).

Figure 3. BMC's Products

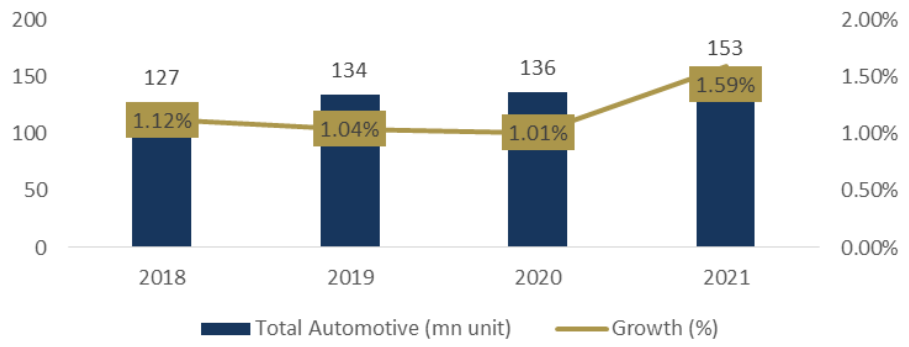
Source: Company, SSI Research

Industry Overview

Indonesia commits to conduct energy transition as part of its efforts to promote 'green economy'. Since 2017, the Indonesian government has included energy transition initiatives in its National Energy General Plan (RUEN). According to the plan, the government targets the portion of renewable energy in the national energy mix to reach 23% in 2025 and 31% in 2030. In addition, the concept of Blue, Green, and Circular Economy is included in Indonesia's 2045 Vision, specifically in the second pillar (Sustainable Economic Development). One of the efforts to realize the energy transition commitment is by promoting eco-friendly vehicles, including electric vehicles (EV).

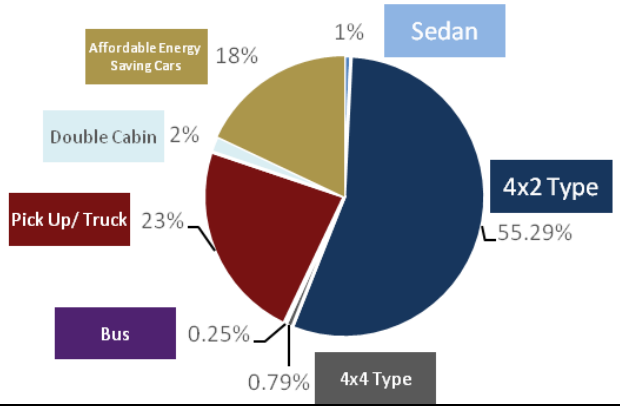
According to Korlantas Polri's data, Indonesia has an automotive population of 152.51 million (March 2023), though buses only account for 0.13% of the population (213,830 units). Based on Gaikindo's data, in FY22, as many as 1.048 million 4Ws (+18.1% YoY) and 5.22 million 2Ws (+24.6% YoY) were sold in Indonesia, while in Feb-23 alone, 575 thousand 2Ws were sold (+56.3% YoY). The sustainable growth in auto population should also lead to sustainable demand for spare parts.

Figure 4. Indonesia Auto Population



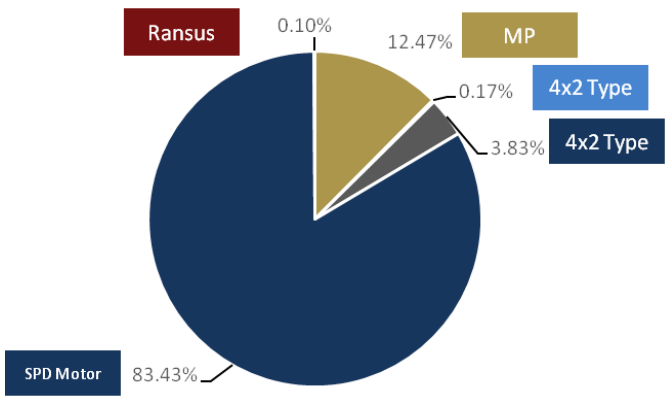
Source: BPS, SSI Research

Figure 5. 4W Sales Breakdown



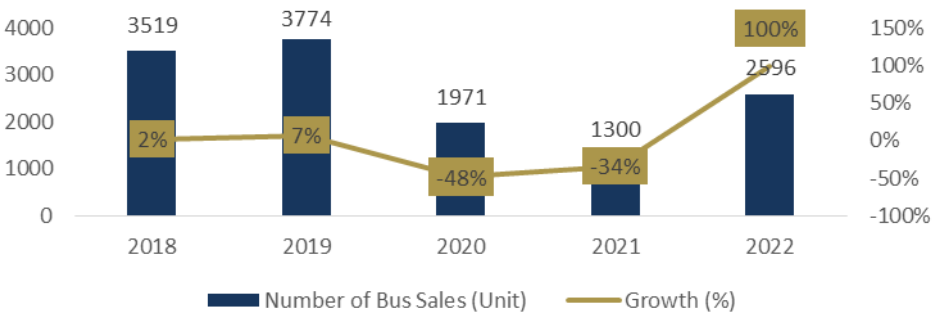
Source: Gaikindo, SSI Research

Figure 6. Auto Population Divided by Category



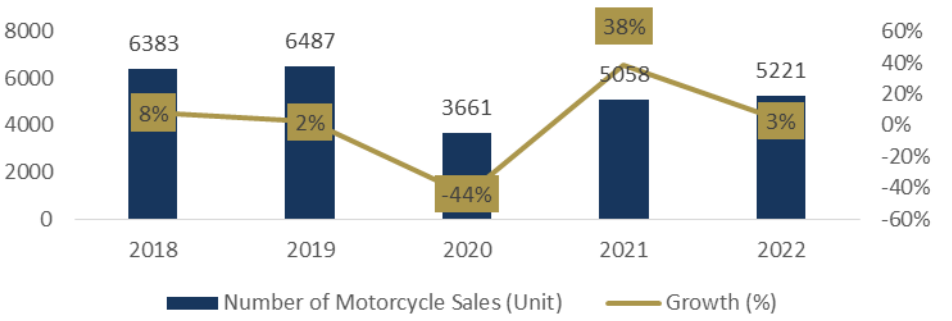
Source: Korlantas Polri, SSI Research

Figure 7. Bus Sales



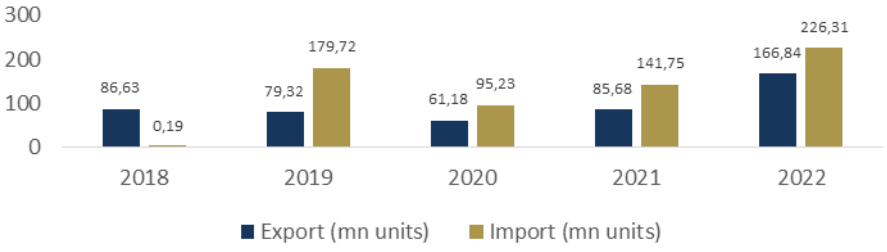
Source: Gaikindo, SSI Research

Figure 8. 2W Sales



Source: Gaikindo, SSI Research

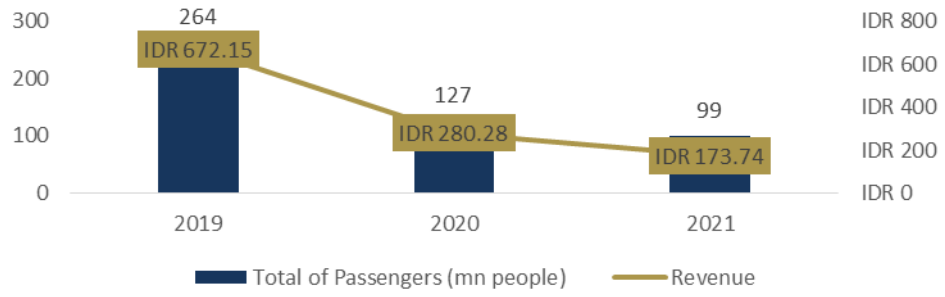
Figure 9. Imports & Exports of Auto Spare Parts



Source: Gaikindo, SSI Research

Transjakarta currently operates more than 50 electric buses, and the number is projected to exceed 100 units by the end of 2023. By 2030, Transjakarta targets to have 10,470 electric buses on the road.

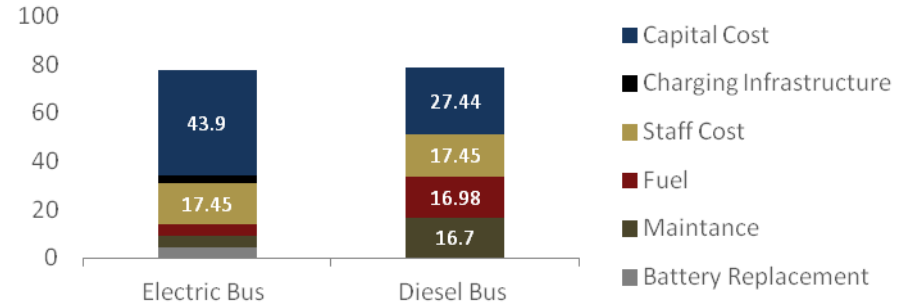
Figure 10. Transjakarta's Annual Passenger Count and Revenue



Source: BPS, SSI Research

According to a study by the World Institute India (WRI), in the short term, the total operating costs of diesel-powered and electric large buses (12 meters) are roughly the same. However, in the long run, it's cheaper to operate electric buses due to lower maintenance and fuel costs.

Figure 11. Total Costs

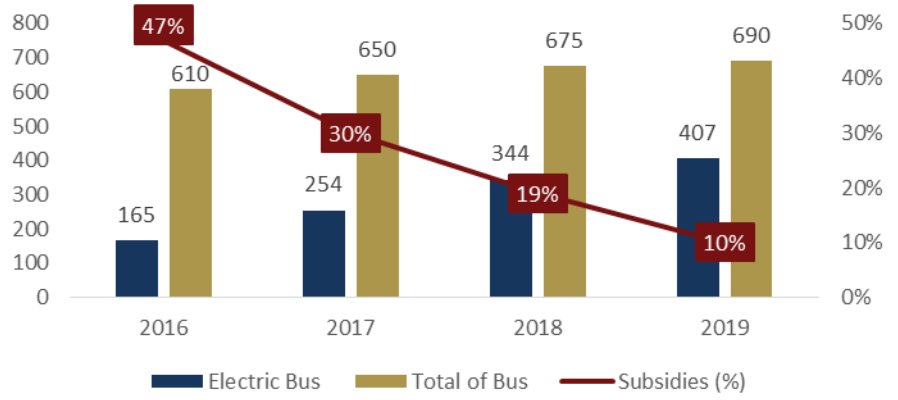


Source: World Institute (WRI) India, SSI Research

Today, PLN operates eleven electric bus charging stations (SPKLU) in two locations. In addition, PT Mayasari Bakti, the operator of Transjakarta's electric buses, has installed ten charging stations. Regarding policy or subsidy, there is no subsidy or special tax rate for electric buses. To establish a sustainable electric bus ecosystem and achieve the government's target, we believe that it is necessary to have better EV infrastructure support, as well as supportive policies and subsidies for EV buses.

China has the world's largest electric bus manufacturer and more electric buses on the road than any other country. First started in 2010, China now has more electric buses than diesel-powered buses, supported by government subsidies and top-class infrastructure. For instance, Shenzhen, with a population of 12 million people, has 16,000 electric buses and 1,800 charging stations. Meanwhile, Jakarta, with a population of 10 million, has less than 100 electric buses and less than 50 charging stations. Thus, it's safe to say that electric bus implementation in Indonesia still has a long way to go.

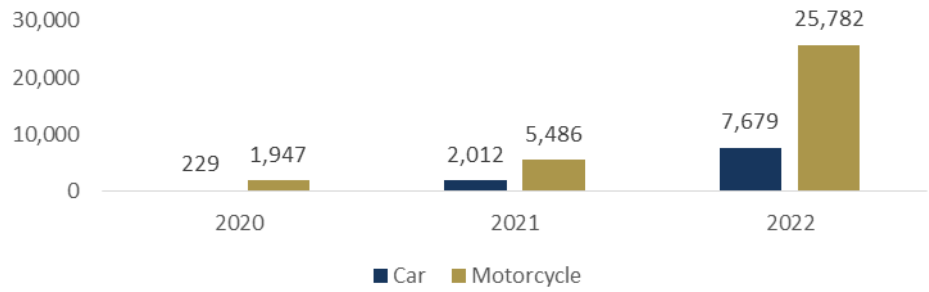
Figure 12. Electric Bus Population in China and Government Subsidies



Source: International Council on Clean Transportation, SSI Research

According to Korlantas Polri's data, as of March 2023, there are 128 million motorcycles (2W) in Indonesia (83% of Indonesia's automotive population), and the number will only increase further as 2W sales continue to grow (Figure 21). Not only conventional, ICE-powered 2Ws, but sales of 2W EVs have also seen a massive spike; according to the Ministry of Energy and Mineral Resources and Ministry of Transportation, sales of 2W EVs were recorded at 25,782 units in 2022, more than triple its figure in 2020 (+264%). Supported by the popularity of 2W in Indonesia, we believe that it will be better to start EV adoption in Indonesia by introducing 2W EVs.

Figure 13. EV Adoption in Indonesia



Source: Ministry of ESDM, SSI Research

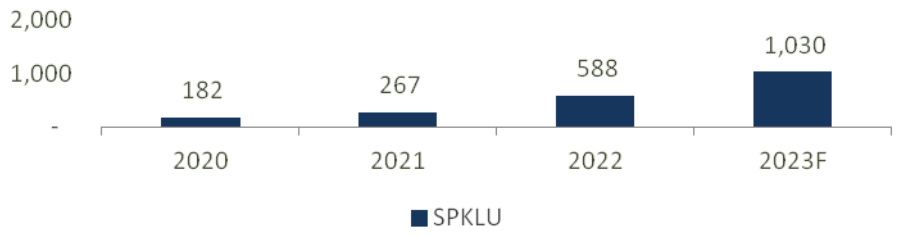
A study conducted by McKinsey & Company shows that the total cost of owning a 2W EV is projected to be the same as an ICE-powered 2W, or even cheaper, by 2025. In 2020, the total cost of owning an ICE-powered 2W was USD 2,400, while the cost of owning an electric one was USD 2,616. The study suggests that 2W EVs will reach cost parity with ICE-powered 2W by 2022 as EV batteries become cheaper. Therefore, Thomas Hansmann, a partner with McKinsey & Company, said that he hoped 2W EVs to become the first EVs to reach 50% use in Indonesia. Supported by policy and subsidies, as well as infrastructure development, we believe that 2W EVs have a place on Indonesia's roads.

Since March 20, 2023, the Indonesian government has provided 2W EV purchase subsidies of IDR 7 million per unit for the purchase of 200 thousand 2W EVs with a Domestic Component Level (TKDN) of at least 40%. The government will also provide subsidies for ICE-to-electric conversion of IDR 7 million per unit for the conversion of 50 thousand ICE-powered 2Ws.

As part of its plan to encourage EV implementation in Indonesia, the government is considering battery standardization for 2W EVs, which would allow for easy battery swaps at charging stations and prevent confusion in the market. The Association of Indonesian Electric Motorcycle Manufacturers (Aismoli) also recommended standardizing 2W EV batteries. The Director General of Metal, Machinery, Transportation Equipment and Electronics of the Ministry of Industry, Taufiek Bawazier, stated on February 21, 2023, that his ministry was discussing battery standardization.

There are currently 588 EV charging stations (SPKLU) in Indonesia, and the government targets to have 1,030 SPKLUs by the end of 2023F (+75%).

Figure 14. The Number of EV Charging Stations in Indonesia



Source: Ministry of ESDM, SSI Research

In the Ministry of Energy and Mineral Resources (ESDM)' National Grand Energy Strategy (GSEN), it is stated that the government targets 2W EV production to reach 13 million units per annum in 2030 and 28 million units per annum in 2035. Also, the Ministry of Industry, through Minister of Industry Regulation No.27/2020, has set tentative targets for EV production in Indonesia, with the 2W EV production target standing at 1.76 million units (2025) and 3.22 million units (2035). In its public expose, the Ministry of ESDM stated that it had tried to gather more information on EV procurement plans of government agencies, SOEs, and private companies. Also, according to the Ministry of ESDM's EV Development Roadmap, it is projected that Indonesia can support 100 million 2W EVs with total power consumption of 105,836 kWh.

Figure 15. EV Production Target (GSEN)

Electric Vechile Target	2025	2030	2035
Four-Wheeler	374,000	1,700,000	2,100,000
Two-Wheeler	11,800,000	13,000,000	28,000,000

Source: Ministry of ESDM, SSI Research

Figure 16. 2W EV Production Target (Ministry of Industry)

	Variable	2020	2025	2030	2035
Production	Total (units)	750,000	8,800,000	9,800,000	10,750,000
	electric vechile %	10	20	25	30
	electric vechile Total (units)	750,000	1,760,000	2,450,000	3,225,000
Domestic Sales	Total (units)	6,750,000	7,700,000	8,400,000	9,000,000
Export	Total (units)	750,000	1,100,000	1,400,000	1,750,000

Source: Minister of Industry Regulation No.27/2020, SSI Research

Figure 17. Electric Vehicle Deployment Target Based on the Public Launching Commitment

Electric Vechile Target	2025
Four-Wheeler	34,000
Two-Wheeler	750,000

Source: Ministry of ESDM's Presentation Material, SSI Research.

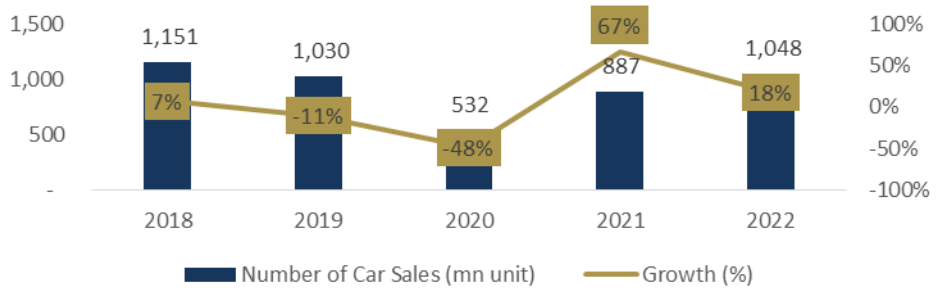
Figure 18. Ministry of ESDM's 2W EV Development Roadmap

	Unit	BAU/RUEN	Best Scenario	PL-1
UIO	Unit	2,1 Juta	100 juta	3,207,139
Average Mileage per unit/ year	Km	8,000	8,000	8,000
Average Mileage per unit/day	Km	22	22	22
Average Electrical Consumption	KWh/km	0.033	0.0033	0.0033
Total Electrical Consumption		105.836		

Source: Ministry of ESDM, SSI Research

The increase in demand for vehicles in Indonesia will undoubtedly lead to a rise in demand for their spare parts. According to Gaikindo, in FY22, as many as 1.048 million 4Ws (+18.1% YoY) and 5.22 million 2Ws (+24.6% YoY) were sold in Indonesia. Not only domestic demand, but external demand will also play a big role in supporting the growth of the Indonesian automotive spare parts industry; according to Gaikindo, exports and imports of spare parts (Figure 22) have seen a massive increase in recent years.

Figure 19. 4W Sales Growth in Indonesia



Source: Gaikindo, SSI Research

In an effort to establish a sustainable economy, the Indonesian government provide supports to accelerate the formation of an EV ecosystem through various policies, including:

1. Presidential Regulation No.22/2017 regarding the National Energy General Plan (RUEN), which includes policies on EV development.
2. Presidential Regulation No. 55/2019 regarding the Acceleration of Battery-Powered Electric Vehicle Programs for Road Transportation.
3. Regulation of electric power by SPLU, which refers to Minister of ESDM Regulation No. 28/2016 regarding Electricity Tariff Provided by PT PLN (Persero).
4. Presidential Instruction No. 7/2022 regarding the Use of Battery-Based Electric Motorcycles as Operational Service Vehicles and/or Individual Vehicles for Central Government and Regional Government Institutions.

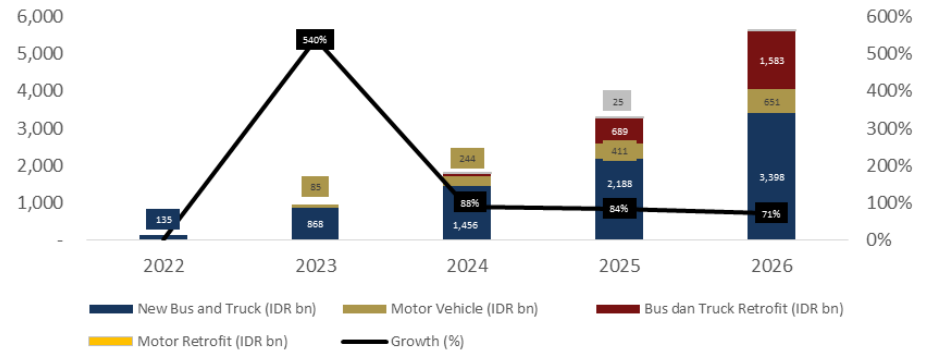
Conclusion

It's safe to say that the demand for EVs will continue to increase, and they might take the place of ICE-powered vehicles in the future as the 'green economy' becomes more popular. We believe that electric buses have a chance to take over ICE-powered ones and become the main fleet of Transjakarta, which will boost VKTR's financial performance. Then, for 2W EVs, we are confident there's a place for VKTR's 2W EVs in the Indonesian 2W market. Lastly, we believe that demand for VKTR's spare parts will continue to increase, in line with the growth of automotive sales.

Financial Overview

We expect VKTR to post solid performance in the years ahead, with revenue growth of +540% YoY, +88% YoY, +84% YoY, and +71% YoY, respectively, from 2023 to 2026, with sales of new buses and trucks (74% of the company's average revenue in 2023-2026), which itself is projected to grow by +52% YoY on average, as the main driver. Another segment that might become VKTR's potential growth driver is sales of retrofitted buses and trucks (11% of the company's average revenue in 2023-2026), which is projected to grow by +267% YoY on average.

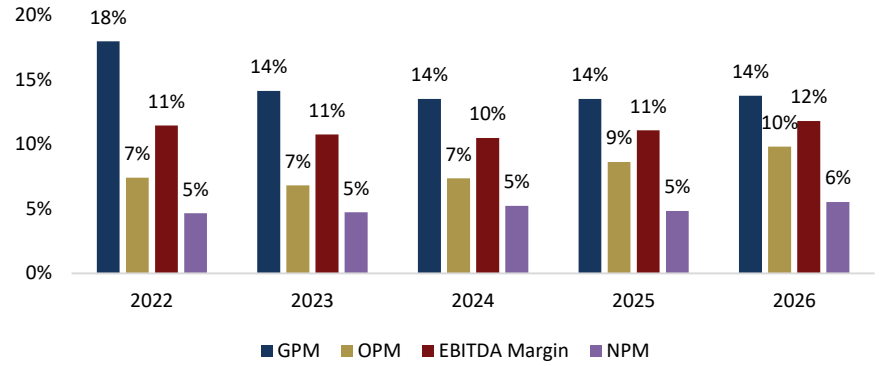
Figure 20. FY22 Revenue Mix & Growth



Source: Company, SSI Research

We expect VKTR's profit margins to remain relatively stable for the foreseeable future, thanks to the company's ability to maintain its operating efficiency. We project VKTR's GPM, OPM, NPM and EBITDA margin for FY23F – FY26F to reach 14%, 7-10%, 5-6% and 10-12%.

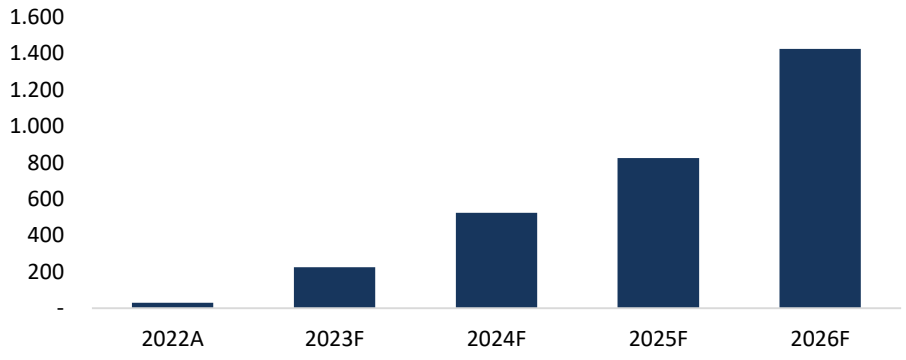
Figure 21. Margin Projections (2022-2026)



Source: Company, SSI Research

We expect another solid performance from VKTR this year (FY23F), with projected revenue growth of +76% YoY to IDR 1.8 trillion and net profit growth of +79% YoY to IDR 89 billion, driven by increased demand for electric buses and the launch of its 2W EV (type V). We project that VKTR can sell 226 units of heavy electric vehicles (176 units of electric buses & 50 units of 4-ton electric trucks) and 3,700 units of 2W EVs with a total transaction value of IDR 961 billion, boosting the contribution of EVs to VKTR's total revenue to 51.0%.

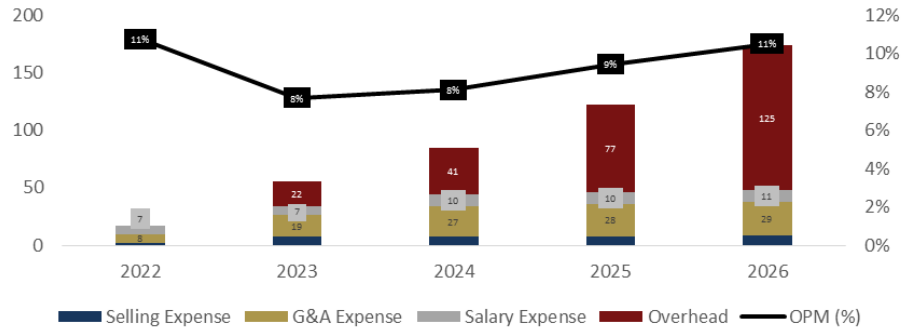
Figure 22. Electric Bus Sales Projections (2022-2026)



Source: Company, SSI Research

We project VKTR's operating expense to grow at an average rate of +9% YoY in 2023-2026, with the overhead expense (which itself is projected to increase by +79% YoY on average in 2024 and 2025) as its largest contributor (56% of VKTR's average operating expense from 2023 to 2026). Another expense that might boost the company's operating expense is its G&A expense (26% of VKTR's average operating expense from 2023 to 2026), which is projected to increase by +49% YoY on average from 2023 to 2026.

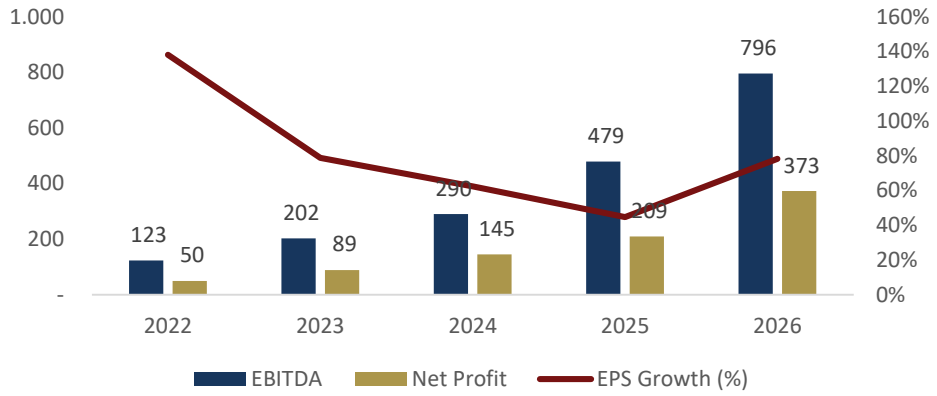
Figure 23. Operating Expense (2022-2026)



Source: Company, SSI Research

On its bottom line, we expect VKTR to book another positive performance in FY23F, with projected net profit growth of +78.8% to IDR 89 billion. To note, VKTR's FY22 bottom line was much better than FY20 (-IDR 145 billion loss, mainly caused by the Covid-19 pandemic; national automotive sales fell considerably during the period, both 4W [-48.4% YoY] and 2W [-43.6% YoY]). We also project that due to the rise in EV bus & trucks sales, along with its 2W EV projects, VKTR will book an EBITDA and net profit of IDR 290 billion (+43% YoY) and IDR 145 billion (+62% YoY). We believe VKTR can maintain its overall margins while still reporting massive growth.

Figure 24. Net Profit Forecast & Net Profit Growth



Source: Company, SSI Research

We conducted a sensitivity analysis to investigate the impact of changes in production volume and ASP of electric buses and trucks on VKTR's net profit. The results show that for every 10% increase/decrease in production volume and ASP of electric buses and trucks, VKTR's net profit will increase/decrease by 7.5%. The results indicate that electric buses & trucks are vital components in VKTR's business.

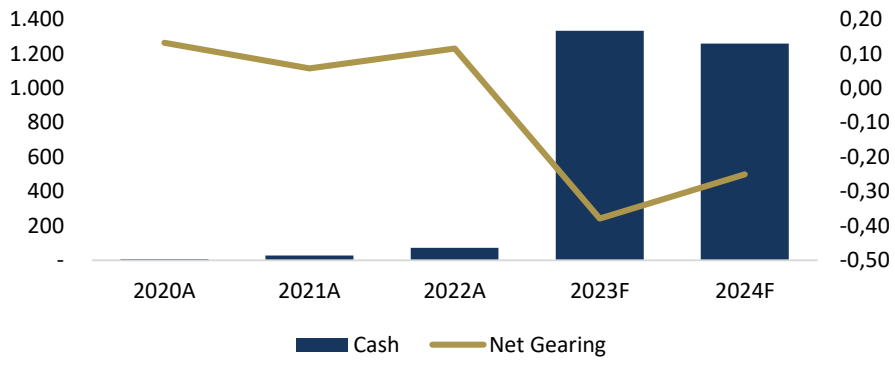
Figure 25. Sensitivity Analysis

New Bus And Truck	Bear (Base -10%)	Base	Bull (Base +10%)
ASP (IDRmn/unit)	4,050	4,500	4,950
Volume (unit)	203	226	249
Net Profit (IDRbn)	82	89	96

Source: SSI Research

Part of the company's IPO proceeds will be used to pay off debts, which should help improve VKTR's balance sheet and turn VKTR into a net cash company in FY23F. We estimate that this year (FY23F), VKTR's cash will increase considerably to IDR 1.3 trillion (FY22: IDR 71 billion).

Figure 26. Cash & Net Gearing



Source: Company, SSI Research

Valuations

To derive the fair value for VKTR Teknologi Mobilitas (VKTR), we used the SOTP method to determine the range of its intrinsic value. We used DCF for VKTR's electric bus and truck business, EV/Sales multiple for its 2W EV manufacturing & distribution business, and EV/EBITDA for its spare parts business (PT Bakrie Autoparts and its subsidiaries).

Figure 27. DCF assumptions

Assumption	
Risk Free Rate	7.00%
Equity Risk Premium	6.12%
Beta	1
Cost of Equity	13.1%
Proportion of Equity	89%
Cost of Debt	9%
Tax Rate	22%
After-tax Cost of Debt	7%
Proportion of Debt	11%
WACC	12.4%

Source: SSI Research

For our DCF valuation, we employ a 12.4% WACC based on a 7% risk-free rate and a 6.12% risk premium with a 2.5% terminal growth rate. This would give us an enterprise value for VKTR's electric bus and truck business of IDR 4.5tn.

Figure 28. DCF Valuation for VKTR Bus & Truck Business

Assumption	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Terminal Value
EBIT	74	147	313	598	792	844	939	1,025	1,112	1,207	
EBIT (1-T)	57	114	244	467	618	658	733	799	867	941	
D&A	38	56	82	114	126	135	140	144	149	155	
Chg. In WC	(16)	(16)	(33)	(51)	(24)	4	9	17	21	25	
Capex	(343)	(177)	(332)	(530)	(196)	(152)	(85)	(92)	(100)	(108)	
Net FCF	**(264)**	**(23)**	**(39)**	**(1)**	**525**	**645**	**796**	**868**	**938**	**1,013**	
Terminal Value											**9,900**
Discount Factor	0.89	0.78	0.69	0.61	0.54	0.48	0.43	0.38	0.33	0.29	0.29
PV of FCFF	**(233)**	**(18)**	**(27)**	**(0)**	**285**	**310**	**339**	**327**	**312**	**299**	**2,920**
Firm Value	**4,513**										

Source: SSI Research

We then apply a 0.8x EV/Sales multiple for its 2W EV business, based on a 50% discount to its regional and global peers, in which we derive an enterprise value of IDR 68 billion. Finally, we apply a 7.5x EV/EBITDA multiple for its spare parts business based on a 10% discount to its regional and global peers. We give discounts to global peers due to low company operational size and early stages market share. Thus we arrive at an IDR 5.4tn enterprise value. And with post-money net cash of IDR 567 billion, this would give us an equity value of IDR 6 trillion, equivalent to 67.8x FY23F P/E and 16.4x FY26F P/E. We put FY26F as our projection PE since we believe that its peak performance will be reflected in said year.

Figure 29. SOTP Valuation

Business	Method	Multiple (x)	2023 Proxy (IDRbn)	Ownership (Weighted Avg.)	Value to VKTR (IDRbn)	Notes
2W EV Business	EV/Sales	0.8	85	100%	68	50% Discount
Bus & Truck Business		DCF		100%	4,513	
Spare part Business	EV/EBITDA	7.5	141	83%	885	10% Discount to Peers
Enterprise Value (IDRbn)					**5,466**	
(-) Debt					(87)	
(+) Cash (Post-Money)					747	
(-) Minority Interest					(93)	
Equity Value (IDRbn)					**6,032**	
Shares Outstanding (bn)					44	
Value per Share					**140**	

Source: SSI Research

Figure 30. Auto Part Peers Comparison

Company	Ticker	Market Cap	EV/ EBITDA		EV/Sales		PE		PBV	
			2023	2024	2023	2024	2023	2024	2023	2024
Aptiv PLC (U.S.) Delphi Automotive P.L.C.	APTV US	31,587	13.5	11.0	1.9	1.7	26.4	18.8	3.3	2.9
Magna International Inc	MGA US	15,842	5.6	4.5	0.5	0.5	12.3	8.8	1.4	1.2
Faurecia SE Common (Euronext Paris) Faurecia SA	EO FP	4,704	4.2	3.8	0.5	0.5	11.0	6.4	0.8	0.7
Brembo SpA	BRE IM	4,929	7.7	7.2	1.4	1.3	14.3	13.0	2.2	1.9
Hella GmbH & Co KGaA	HLE GY	9,641	9.9	8.7	1.3	1.2	24.9	22.0	3.0	2.7
Bosch Ltd	BOS IN	6,504	-	-	-	-	38.4	28.9	-	-
3M India Ltd	3M IN	3,213	44.8	35.4	6.3	5.4	63.7	53.4	16.4	14.5
SAIC Motor Corp Ltd	600104 C	25,157	6.3	5.8	0.3	0.3	9.0	7.9	0.6	0.6
FAW Jiefang Group Co Ltd	000800 C	5,826	11.9	7.8	0.5	0.4	437.0	31.1	1.7	1.5
Chongqing Changan Automobile Co Ltd A Share	000625 C	16,212	8.1	7.2	0.6	0.5	15.0	13.7	1.8	1.7
Denso Corp	6902 JT	43,485	6.9	6.2	0.9	0.9	12.9	11.2	1.2	1.1
Aisin Corp	7259 JT	8,196	4.8	4.1	0.4	0.4	11.0	7.5	0.6	0.5
Weichai Power Co Ltd A Share	000338 C	14,413	6.2	5.3	0.6	0.6	14.6	12.0	1.3	1.2
Average			**8.4**	**7.2**	**1.0**	**0.9**	**30.2**	**14.3**	**1.9**	**1.7**

Source: Bloomberg, SSI Research

Figure 31. 2W EV Peers Comparison

Company	Ticker	Market Cap	EV/ EBITDA		EV/Sales		PE		PBV	
			2023	2024	2023	2024	2023	2024	2023	2024
TVS Motor Co Ltd	TVSL IN	6,361	26.4	20.9	2.6	2.2	35.9	26.9	8.9	7.1
Bajaj Auto Ltd	BJAUT IN	13,098	16.0	13.8	2.8	2.5	18.5	16.1	4.1	3.7
Yadea Group Holdings Ltd	1585 HK	7,174	16.3	12.9	1.3	1.0	23.9	18.1	7.5	5.7
Aima Technology Group Co Ltd	603529 CI	5,034	13.1	10.1	1.4	1.2	22.1	16.9	5.4	4.2
Jiangsu Xinri E-Vechile Co Ltd	603787 CI	577	-	-	0.6	0.4	15.4	12.5	3.0	2.5
Piaggio & C. SpA	PIA IM	1,495	5.5	5.1	0.8	0.8	13.6	11.7	3.1	2.9
Lifan Technology Group Co Ltd	601777 CI	2,630	-	-	-	-	-	-	-	-
Polaris Inc	PII US	6,678	7.5	7.3	1.0	1.0	11.5	11.2	4.6	3.7
Hero MotoCorp Ltd	HMCL IN	6,039	-	-	-	-	17.3	14.1	-	-
Average			**12.6**	**10.5**	**1.6**	**1.4**	**19.6**	**15.9**	**4.7**	**3.8**

Source: Bloomberg, SSI Research

Figure 32. Management profile

BOARD OF COMMISSIONERS		
President Commissioner		Anindya Novyan Bakrie (49 years old) received his MBA from Stanford Graduate School of Business, California, in 2001. He has served as President Commissioner of PT VKTR Teknologi Mobilitas Tbk (VKTR) since 2022.
Commissioner		Lord Aamer Sarfraz (42 years old) received his Bachelor of Science degree in Information System with Distinction from the London School of Economics. He has served as Commissioner of PT VKTR Teknologi Mobilitas Tbk (VKTR) since 2022.
Independent Commissioner		Dino Patti Djalal (58 years old) received his doctoral degree from the London of School of Economics and Political Science. He has served as Independent Commissioner of PT VKTR Teknologi Mobilitas Tbk (VKTR) since 2022.
Independent Commissioner		Yukki Nugrahawan Hanafi (56 years old) received his Higher Diploma in Supply Chain Management from FIATA, Switzerland in 2018. He has served as Independent Commissioner of PT VKTR Teknologi Mobilitas Tbk (VKTR) since 2023.
BOARD OF DIRECTORS		
President Director & CEO		Gilarsi W. Setijono received his Bachelor degree in Chemical Engineering from Institut Teknologi Bandung (ITB) in 1987. He has served as President Director and CEO of PT VKTR Teknologi Mobilitas Tbk (VKTR) since 2022.
Director & COO		Dino Ahmad Ryandi received his Bachelor of Engineering (BE) degree in Industrial Engineering from University of New South Wales, Sydney, Australia. He has served as Director & Chief Operating Officer of PT VKTR Teknologi Mobilitas Tbk (VKTR) since 2022.
Director		Ahmad Amri Aswono Putro (57 years old) received his Bachelor degree in Civil Engineering from Universitas Gajah Mada, Yogyakarta. He has served as Director of PT VKTR Teknologi Mobilitas Tbk (VKTR) since 2023.

Source: Company

Key Financial Figures

Profit and Loss					
Y/E Dec (IDRbn)	**21A**	**22A**	**23F**	**24F**	**25F**
Revenues	**679**	**1,071**	**1,884**	**2,767**	**4,323**
Cost of goods sold	(566)	(878)	(1,618)	(2,393)	(3,739)
Gross Profit	**114**	**193**	**266**	**374**	**584**
SGA Expense	(79)	(113)	(138)	(170)	(211)
Operating Profit	**35**	**79**	**128**	**204**	**373**
EBITDA	**71**	**123**	**202**	**290**	**479**
Finance Income	0	1	6	6	4
Finance Expenses	(10)	(9)	(10)	(10)	(9)
Pre-tax profit	**56**	**76**	**124**	**200**	**369**
Income Tax	(12)	(7)	(2)	(1)	(81)
Profit for Period	**44**	**68**	**122**	**199**	**288**
Minority Interest	23	19	33	54	78
Net Profit	**21**	**50**	**89**	**145**	**209**

Balance Sheet					
Y/E Dec (IDRbn)	**21A**	**22A**	**23F**	**24F**	**25F**
Cash & equivalents	26	71	747	675	508
Receivables	125	131	231	324	482
Inventories & Others	193	134	213	277	381
Total Current Assets	**345**	**336**	**1,191**	**1,276**	**1,371**
Net Fixed Asset	336	371	970	1,154	1,480
Other Non-Current Asset	38	326	326	326	326
Total Assets	**374**	**697**	**1,296**	**1,480**	**1,806**
ST. Bank loan	24	157	-	-	-
Payables	219	200	349	480	699
Other current Liabilities	138	93	93	93	93
Total Current Liabilities	**382**	**450**	**441**	**573**	**792**
LT.Debt	101	208	263	257	250
Other LT Liabilities	100	100	100	100	100
Total Liabilities	**583**	**758**	**805**	**930**	**1,142**
Minority Interest	79	93	93	93	93
Total Equity	**136**	**275**	**1,681**	**1,826**	**2,035**

Cash Flow					
Y/E Dec (IDRbn)	**21A**	**22A**	**23F**	**24F**	**25F**
Net Profit	21	50	89	145	209
D&A	36	43	74	86	106
Changes in Working Capital	(65)	(326)	(31)	(25)	(43)
Operating Cash Flow	**(8)**	**(233)**	**132**	**206**	**272**
Capital Expenditure	(8)	(61)	(673)	(271)	(432)
Others	(2)	(185)	-	-	-
Investing Cash Flow	**(10)**	**(246)**	**(673)**	**(271)**	**(432)**
Net - Borrowing	(11)	121	(101)	(6)	(7)
Other Financing	49	401	1,318	-	-
Financing Cash Flow	**38**	**523**	**1,216**	**(6)**	**(7)**
Net - Cash Flow	20	44	676	(72)	(167)
Cash at beginning	7	26	71	747	675
Cash at ending	26	71	747	675	508

Key Ratios					
Y/E Dec (IDRbn)	**21A**	**22A**	**23F**	**24F**	**25F**
Gross Profit Margin (%)	16.7	18.0	14.1	13.5	13.5
Operating Margin (%)	5.1	7.4	6.8	7.4	8.6
EBITDA Margin (%)	10.4	11.5	10.7	10.5	11.1
Pre-Tax Margin (%)	8.2	7.1	6.6	7.2	8.5
Net Profit Margin (%)	3.1	4.6	4.7	5.2	4.8
Debt to Equity (x)	0.5	0.7	0.1	0.0	0.0
Net Gearing (x)	0.3	0.4	-0.4	-0.3	-0.2

Major Assumptions					
	21A	**22A**	**23F**	**24F**	**25F**
Bus & Truck Production (unit)	-	30	176	200	250
2W EV Production (unit)	-	-	3,700	8,448	13,026
BA Sales Volume (Ton)	15,140	18,858	18,990	19,123	19,257
BUMM Sales Volume (Ton)	5,048	5,176	5,313	5,313	5,313
BMC Sales Volume (Ton)	2,338	2,827	2,947	3,072	3,203

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