

BUY (Maintain)

Target Price (IDR) 130 (from 150)
Potential Upside (%) 39.8

Price Comparison

Cons. Target Price (IDR)	132
SSI vs. Cons. (%)	98.5

Stock Information

Last Price (IDR)	93
Shares Issued (Mn)	1,133,792
Market Cap. (IDR Bn)	110,146
52-Weeks High/Low (IDR)	344/81
3M Avg. Daily Value (IDR Bn)	455.1
Free Float (%)	65.0

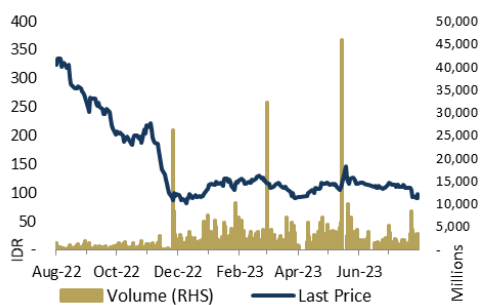
Shareholder Structure:

GOTO Peopleverse Fund (%)	6.85
Public (%)	63.29
Taobao China Holding Ltd (%)	8.84

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	2.2	(17.7)	(21.2)	(71.3)
JCI Return	0.7	0.5	3.4	(3.3)
Relative	1.5	(18.1)	(24.5)	(68.0)

Stock Price & Volumes, 12M



Company Background

GoTo Group is the largest digital ecosystem in Indonesia. GoTo's mission is to "empower progress" by offering technology infrastructure and solutions for everyone to access and thrive in the digital economy. GoTo's ecosystem offers on-demand transportation services, e-commerce, food delivery, logistics, as well as financial and payment services through Gojek, Tokopedia, and GoTo Financial.

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Trimmed Spending for Maximum Gain

2Q23 results: Cost efficiency helped boost bottom line. GOTO achieved a top line of IDR 3.5 trillion in 2Q23 (+87% yoy, +7% qoq), supported by its on-demand (IDR 1.4 trillion; +9% yoy, +6% qoq) and marketplace (IDR 1.4 trillion; +5% yoy, -20% qoq) revenues. However, GOTO experienced a slight dip in GTV in 2Q23 (IDR 143.7 trillion; -5% yoy, -3% qoq) though it managed to improve its overall net take rate to 2.5% (+121 bps). Regarding its margin, GOTO managed to book a contribution margin (CM) of IDR 1.3 trillion (vs. IDR 351 billion in 1Q23), thanks to the notable drop in S&M expense (-80% yoy, -72% qoq); these expense cuts helped GOTO to reduce its net loss to -IDR 3.3 trillion (+54% yoy, +15% qoq). Cumulatively, GOTO posted revenue of IDR 6.9 trillion in 1H23 (+0.6% yoy), with a net take rate of 4% (+35 bps) and a net loss of -IDR 7.2 trillion (vs. -IDR 12.8 trillion in 1H22).

Exploring new strategies in pursuit of profitability. GOTO's management highlighted that the company planned to implement several new strategies, including reducing transaction costs, selective spending (expense cuts), and expanding into the 'budget' customer segment. The 'fruits' of the first two strategies are reflected in GOTO's 2Q23 results; even with a steady GTV, the company managed to improve its bottom line considerably. For the third strategy, the company is still testing it. Part of the third strategy is the newly launched 'Hemat' mode on its on-demand services; the mode has been proven to be more profitable than GOTO's existing products. Also, since the mode used a technological instead of a promotional approach (no additional promotion expense), it benefits GOTO's entire ecosystem. For its e-commerce, GOTO aims to improve its product assortments and add more products to its catalog to appeal to 'budget' customers, which is expected to increase demand for its BNPL product (GoPayLater). GOTO maintains its goal to book a positive adjusted EBITDA in 4Q23, though it decided to lower its FY23 adjusted EBITDA guidance from -IDR 5.3tn to -IDR 4.6tn to -IDR 4.5tn to -IDR 3.8tn.

Still optimistic, though slight adjustments are necessary. We project GOTO to book a positive contribution margin of IDR 2.1 trillion in FY23F, supported by its gross and net take rate expansion to 3.8% and 2.1%, respectively. However, we decided to lower our GTV forecast to IDR 614 trillion, as we believe GOTO will improve its earnings by raising its take rates, especially from its fintech business. Regarding its top and bottom lines, we project GOTO to book a net revenue of IDR 12.7 trillion (+12% yoy) in FY23F with a net loss of IDR -11.4 trillion. We expect to see more S&M expense cuts, as we believe that it will be the company's main strategy of achieving its goal of booking a positive EBITDA in 4Q23. We maintain our view that GOTO will book positive earnings in 2025 at the earliest.

BUY, TP IDR 130. As we roll over our valuation to FY24F, we decided to maintain our BUY rating on GOTO, albeit with a lower SOTP-based TP of IDR 130, implying an FY24F EV/Sales of 7.07x. We decided to lower our TP after considering the new, lower GTV forecast, as well as positive disruption from TikTok should it become a fully integrated social commerce platform with its own fintech. **Main Risk:** Lower-than-expected GTV and AOV, tech disruption.

Forecast and Valuations (@ IDR 93 per share)

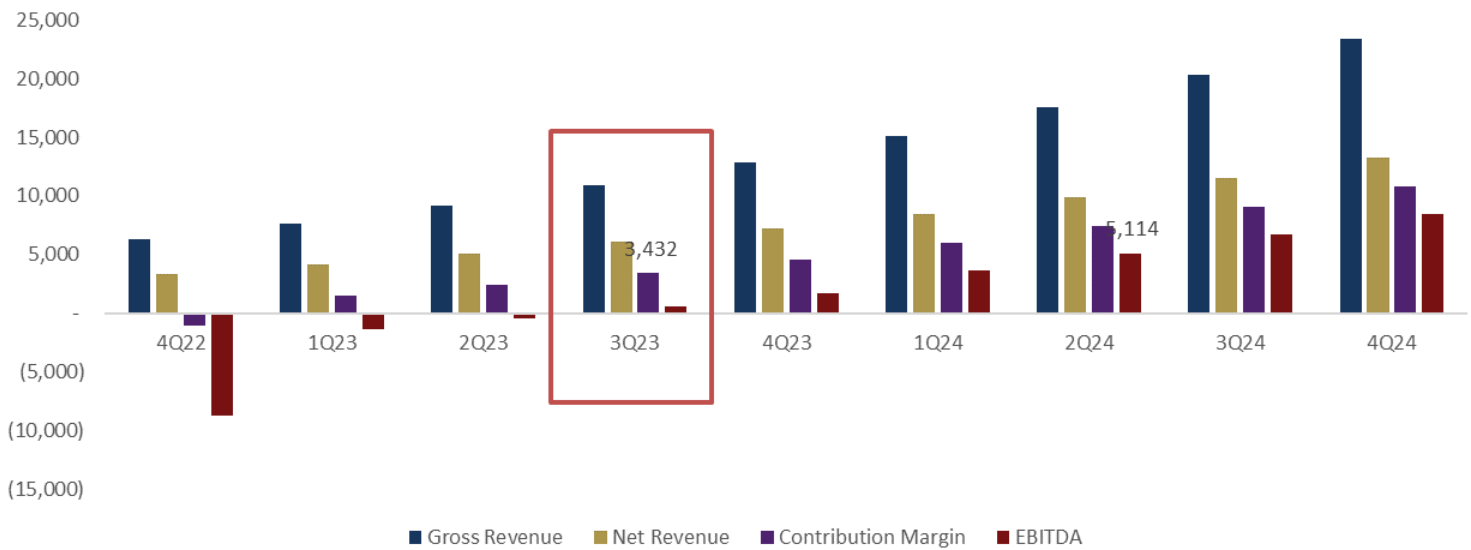
Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	4,536	11,349	12,691	19,188	28,266
EBITDA (IDR Bn)	(21,623)	(27,784)	(9,403)	58	9,869
EV/GTV (x)	0.2	0.1	0.2	0.1	0.1
Net Profit (IDR Bn)	(21,391)	(39,571)	(11,427)	(2,472)	6,996
EPS (IDR)	(159)	(294)	(85)	(18)	52
EPS Growth (%)	na	na	na	na	na
P/Sales (x)	25.3	10.1	9.1	6.0	4.1
BVPS (IDR)	117	104	100	103	114
P/BV Ratio (x)	0.8	0.9	1.0	0.9	0.9
P/GTV (x)	0.2	0.2	0.2	0.1	0.1
EV/Sales	19.0	7.8	7.4	4.7	2.7
ROAE (%)	(27)	(30)	(9)	(2)	5
ROAA (%)	(23)	(27)	(8)	(2)	5
EV/EBITDA	(4)	(3)	(10)	1,544	8
Net Gearing (x)	-	-	-	-	-

Figure 1. 1H23 Results

PT GoTo Gojek Tokopedia Tbk. (GOTO IJ) (IDR Bn)	2Q22	1Q23	2Q23	QoQ (%)	YoY (%)	6M22	6M23	YoY (%)	6M23/SSI	6M23/Cons
GTV	150,537	148,538	143,739	-3.2%	-4.5%	290,535	292,277	0.6%	34.9%	
Gross Revenue	5,507	5,981	5,833	-2.5%	5.9%	10,738	11,814	10.0%	38.1%	
Net Revenue	1,903	3,332	3,551	6.6%	86.6%	3,400	6,884	102.5%	39.4%	40.6%
Contribution Margin	-2,398	351	1,330	279.2%	-155.5%	-5,419	1,681	N/A	N/A	
EBITDA	-7,436	-3,522	-2,709	-23.1%	-63.6%	-12,883	-6,231	N/A	33.1%	63.2%
Gross Take Rate (%)	3.7%	4.0%	4.1%	3 bps	40 bps	3.7%	4.0%	35 bps		
Net Take Rate (%)	1.3%	2.2%	2.5%	23 bps	121 bps	1.2%	2.4%	118 bps		
Contribution Margin (%)	-1.6%	0.2%	0.9%	69 bps	252 bps	-1.9%	0.6%	244 bps		

Source: Company, SSI Research

Figure 2. Quarterly GTV, Revenue, and Contribution Margin Trend



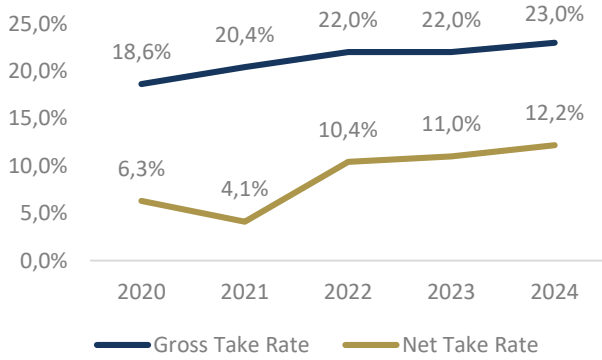
Source: Company, SSI Research

Figure 3. Valuation Method

Business	Method	Multiple (x)	2024 Sales (IDRbn)	Valuations (IDRbn)	Stake	Value to GOTO (IDRbn)
E-commerce	EV/Sales	3.4	7,968	26,785	100.00%	26,785
On-Demand	EV/Sales	7.5	8,303	62,642	100.00%	62,642
Fintech	EV/Sales	8.3	4,650	38,471	100.00%	38,471
ARTO	Enterprise Value			36,026	21.40%	7,710
Enterprise Value						135,608
(-) Debt						(2,142)
(+) Cash						27,332
(-) Minority Interest						(2,182)
Equity Value						158,616
Shares Outstanding						1,184
Value per Share						130

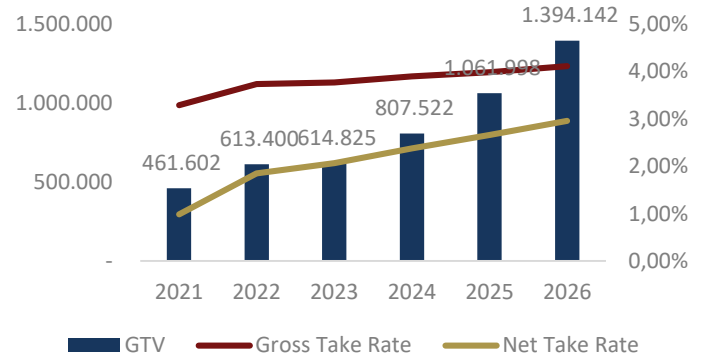
Source: SSI Research

Figure 4. On-Demand Gross and Net Take Rate



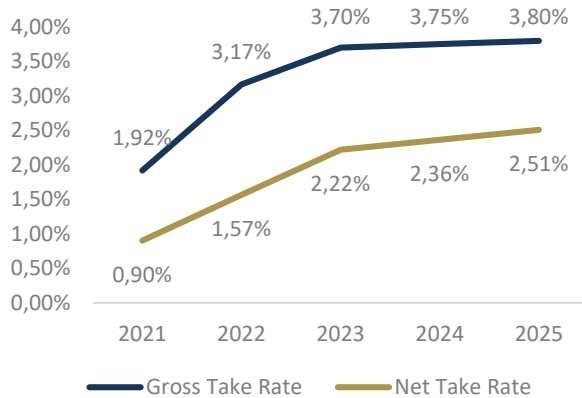
Source: Company. SSI Research

Figure 5. GTV and Take Rate Growth



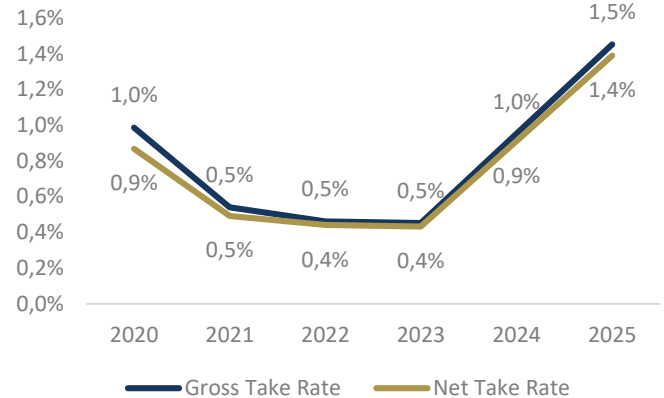
Source: Company. SSI Research

Figure 6. E-commerce Gross and Net Take Rates



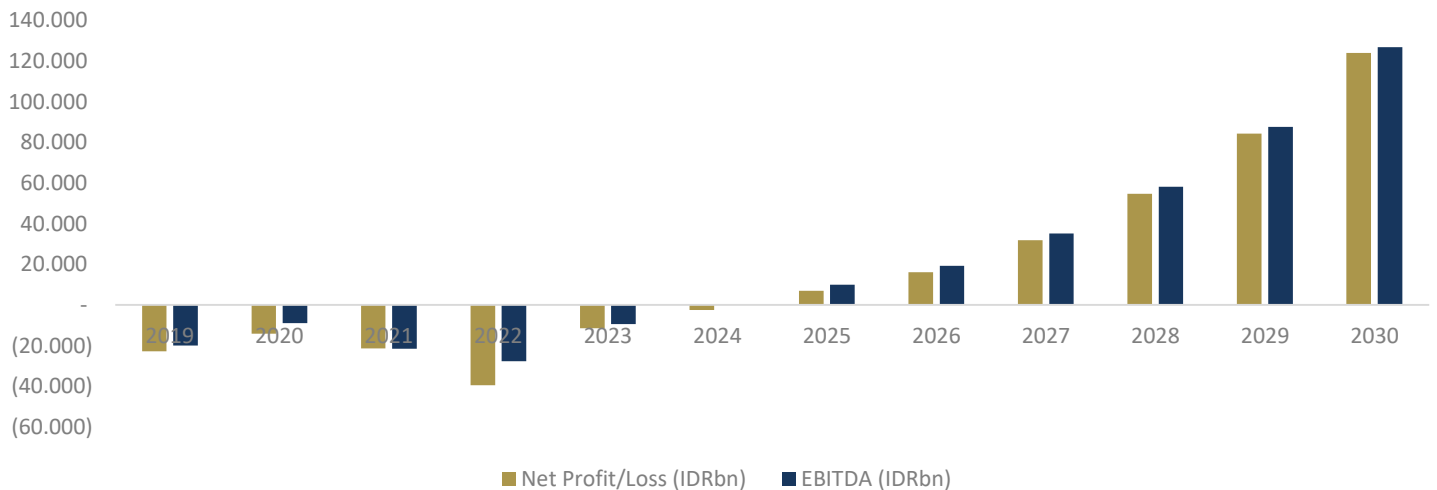
Source: Company. SSI Research

Figure 7. Fintech Gross and Net Take Rates



Source: Company. SSI Research

Figure 7. Net Profit and EBITDA Forecast



Source: Company, SSI Research

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