

BUY (From HOLD)

Target Price (IDR) 2,300 (from 2,200)
Potential Upside (%) 17.6

Price Comparison

Cons. Target Price (IDR) 2,363
SSI vs. Cons. (%) 97.4

Stock Information

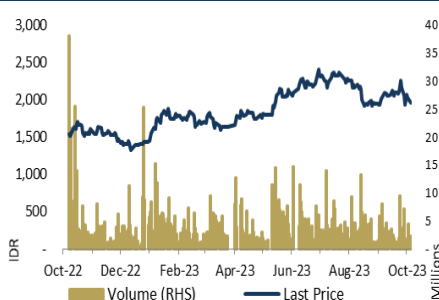
Last Price (IDR) 1,945
Shares Issued (Mn) 2,502
Market Cap. (IDR Bn) 4,867
52-Weeks High/Low (IDR) 2,430/1,330
3M Avg. Daily Value (IDR Bn) 8.6
Free Float (%) 29.2

Shareholder Structure:

Pusaka Citra Djokoetono (%) 28.3
Dr. Purnomo Prawiro (%) 11.4
Others Non-Public (%) 34.0
Public (%) 26.3

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	37.9	(7.4)	(13.9)	30.5
JCI Return	(1.7)	(2.9)	(2.4)	(4.5)
Relative	39.6	(4.4)	(11.6)	35.1

Stock Price & Volumes, 12M**Company Background**

PT Blue Bird Tbk (BIRD) is the pioneer of meter-based taxi services in Indonesia. Today, BIRD operates six business lines with a fleet of more than 20,000 fleet in 18 cities in Indonesia.

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More than Just a Taxi Company

3Q23 above ours and cons. BIRD booked IDR 1.1tn of revenue in 3Q23 (+8.7% QoQ, +18.4% YoY), with both its taxi and non-taxi businesses posting revenue growth. BIRD's taxi business generated IDR 847bn in 3Q23 (+8.4% QoQ, +12.4% YoY), while its non-taxi businesses posted a rather surprising IDR 313bn (+29.4% QoQ, +50.8% YoY). The positive growth in taxi revenue was mainly driven by higher utilization rates, reaching 80% for regular taxis (vs 2Q23: 75%) and 89% for executive taxis (vs 2Q23: 90%) despite a slight drop in its ARPV, which came in at IDR 675k (-0.3% QoQ, -2.0% YoY) for regular taxis and IDR 1.5mn (-3.0% QoQ, +2.7% YoY) for executive taxis. Cumulatively, BIRD's 9M23 figures are above ours and cons, with revenue of IDR 3.2tn (+28.7% YoY) and net profit of IDR 367bn (+41.0% YoY) (SSI: 99.0%, cons: 81.4%). Its OPM fell slightly to 11.5% (-3bps QoQ, -2bps YoY), mainly due to royalty fee (BIRD has been paying royalty fee since Aug-23, which is reflected in its other expenses that spiked to IDR 25.3bn [+192.5% QoQ, +188.4% YoY]).

Huge potential of non-taxi businesses. Following the solid performance of its non-taxi businesses, BIRD plans to develop them further, particularly Golden Bird (car rental), Citi Trans (inter-city shuttle), and Big Bird (bus chartering). As Indonesia continues to build more toll roads (government's target: ~3,196km of toll roads by the end of 2024, +21.8% YoY), we believe that Citi Trans would benefit tremendously, as the company mainly operates via toll roads. Today, Citi Trans operates in 6 different cities (Jakarta, Bandung, Semarang, Surabaya, Malang, and Yogyakarta), and it plans to expand its network in the future. Meanwhile, Big Bird plans to penetrate the BRT (busway) system in Jakarta and soon in Bandung. With this strategy, it can secure new contracts with the government, which should help boost its income. Supported by all these factors, we project BIRD's non-taxi revenue to increase by +10% YoY in FY24F, contributing ~28-30% of BIRD's total revenue.

Revised FY23F and FY24F projections. Considering its strong performance in 3Q23, as well as the unexpectedly low fuel and depreciation costs, which brought the company's net profit to IDR 367bn (99% from SSI's FY23F estimate), we decided to revise our FY23F and FY24F projections; we now project BIRD to book a gross profit of IDR 1.3tn in FY23F (vs. prev: IDR 1.2tn) with lower fuel cost, coming in at 28% of revenue (vs. prev: 30% of revenue) and lower depreciation cost. Also, we expect BIRD to book better GPM than the previous years, supported by its capabilities to maintain a cost-efficient strategy despite the surge in OPEX (due to royalty fee).

BUY, TP IDR 2,300 (5.5x FY24F EV/EBITDA). Given the huge potential of its non-taxi businesses, we decided to upgrade our rating to BUY (from HOLD) with a TP of IDR 2,300, reflecting 5.5x EV/EBITDA FY24F. **Main risks:** 1) Higher fuel price. 2) tougher competition.

Valuations (at closing price IDR 1,945 per share)

Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	2,221	3,590	4,169	4,713	5,319
EBITDA (IDR Bn)	432	868	1,038	1,167	1,265
EV/EBITDA (x)	11.3	5.5	5.0	4.3	4.1
Net Profit (IDR Bn)	42	358	456	514	569
EPS (IDR)	3	143	182	205	227
EPS Growth (%)	n/a	4,545.5	27.2	12.8	10.7
P/E Ratio (x)	630.9	13.6	10.7	9.5	8.6
P/BV Ratio (x)	1.0	0.9	0.9	0.8	0.8
DPS (IDR)	36	60	43	55	62
Dividend Yield (%)	3.1	2.2	2.8	3.2	3.5
ROAE (%)	0.2	6.8	8.1	8.6	8.9
Net Gearing (x)	N.C	N.C	0.0	0.0	0.0

Table 1. 3Q23 Results

BIRD (IDR Bn)	3Q22	2Q23	3Q23	QoQ (%)	YoY (%)	9M22	9M23	YoY (%)	FY23/SSI	FY23/Cons
Revenue	961	1,046	1,137	8.7	18.4	2,509	3,229	28.7	77.5	79.4
Gross Profit	297	337	362	7.6	21.9	737	1,026	39.1		
Operating Profit	133	150	131	-13.0	-2.0	287	426	48.4		
EBITDA	244	284	269	-5.0	10.3	615	829	34.9		
Net Profit	113	136	108	-20.7	-4.2	261	367	41.0	99.0	81.4
Gross Margin	30.9%	32.2%	31.9%	-0 bps	1 bps	29.4%	31.8%	2 bps		
Operating Margin	13.9%	14.4%	11.5%	-3 bps	-2 bps	11.4%	13.2%	2 bps		
EBITDA Margin	25.4%	27.1%	23.7%	-3 bps	-2 bps	24.5%	25.7%	1 bps		
Net Margin	11.7%	13.0%	9.5%	-4 bps	-2 bps	10.4%	11.4%	1 bps		
Sales Breakdown (IDR Bn)	3Q22	2Q23	3Q23	QoQ (%)	YoY (%)	9M22	9M23	YoY (%)		
Taxi	753	781	847	8.4	12.4	1,956	2,419	23.7		
Non-Taxi	208	242	313	29.4	50.8	553	810	46.6		

Source: Company, SSI Research

Table 2. 9M23 Operational Metrics

BIRD Operational Metrics	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	9M22	9M23	YoY
Regular Taxi										
Average Fleet (Unit)	13,288	12,954	13,309	13,865	14,575	15,151	15,186	13,183	14,971	13.6%
Average Operating Fleet (Unit)	9,342	9,899	10,626	11,067	11,496	11,363	12,153	9,956	11,671	17.2%
Average Revenue per Fleet (IDRk)	528,958	687,067	688,464	730,475	684,245	676,800	674,763	634,830	678,603	6.9%
Utilization Rate	70.3%	76.4%	79.8%	79.8%	78.9%	75.0%	80.0%	75.5%	78.0%	250 bps
Executive Taxi										
Average Fleet (Unit)	672	639	589	464	459	482	552	633	498	-21.4%
Average Operating Fleet (Unit)	336	347	357	369	413	428	504	347	449	29.4%
Average Revenue per Fleet (IDRk)	1,115	1,429	1,557	1,636	1,513	1,468	1,429	1,367	1,470	7.5%
Utilization Rate	50.0%	54.4%	60.6%	79.5%	90.1%	88.9%	91.2%	54.7%	90.1%	3,540 bps

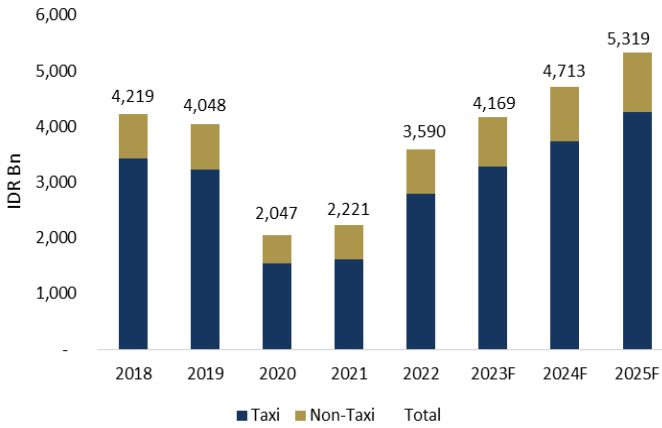
Source: Company, SSI Research

Table 3. Forecast Changes

IDR Bn	OLD		NEW		OLD vs NEW	
	2023F	2024F	2023F	2024F	2023F	2024F
Revenue	4,169	4,713	4,169	4,713	0.0%	0.0%
Gross Profit	1,232	1,429	1,312	1,493	6.5%	4.4%
Operating Profit	488	567	559	617	14.6%	8.7%
Net Profit	370	437	456	514	23.2%	17.6%
Growth	OLD		NEW			
	2023F	2024F	2023F	2024F		
Revenue	16.1%	13.1%	16.1%	13.1%		
Gross Profit	14.9%	16.0%	22.3%	13.8%		
Operating Profit	20.3%	12.6%	33.2%	10.3%		
Net Profit	7.1%	14.4%	27.2%	12.8%		

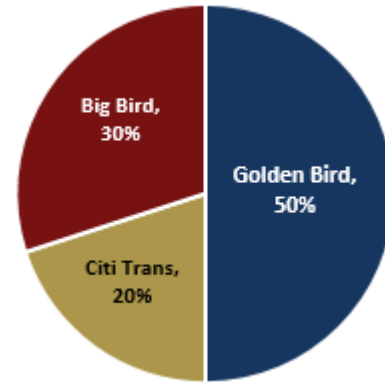
Source: Company, SSI Research

Figure 1. Revenue Trajectory



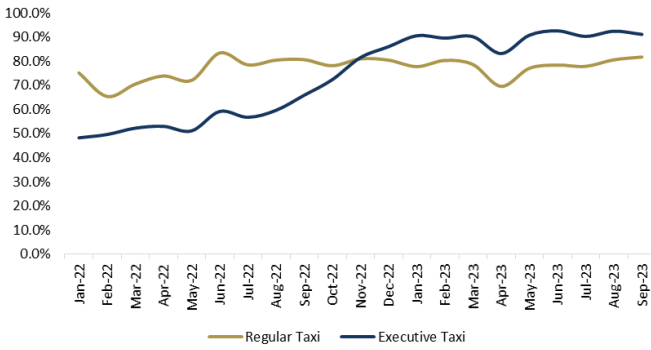
Source: Company, SSI Research

Figure 2. Non-Taxi Revenue Breakdown



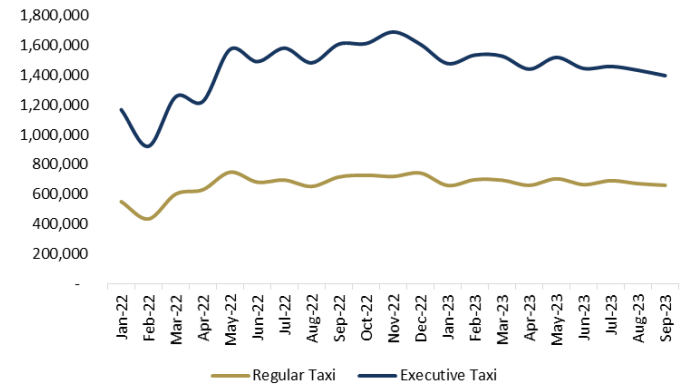
Source: Company, SSI Research

Figure 3. Regular and Executive Taxis' Utilization Rate



Source: Company, SSI Research

Figure 4. Regular and Executive Taxis' ARPV (IDR)



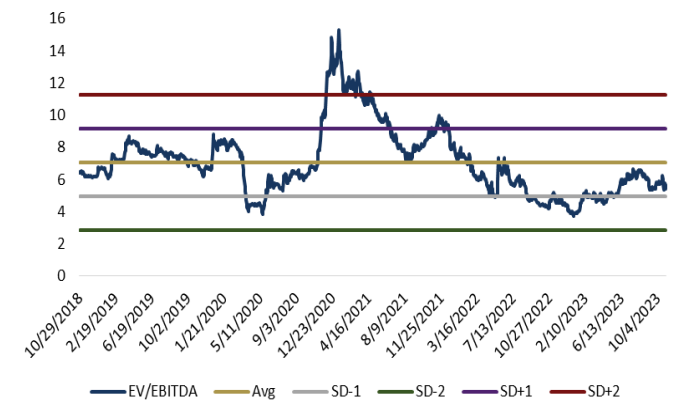
Source: Company, SSI Research

Figure 5. Big Bird BRT Bus



Source: Company, SSI Research

Figure 6. EV/EBITDA Band



Source: Bloomberg, Company, SSI Research

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenue	2,221	3,590	4,169	4,713	5,319
Cost of Revenue	(1,727)	(2,518)	(2,857)	(3,220)	(3,614)
Gross Profit	494	1,072	1,312	1,493	1,706
Operating Expense	(510)	(653)	(726)	(801)	(923)
G&A Expense	(500)	(639)	(712)	(787)	(909)
Selling & Marketing Expense	(10)	(13)	(14)	(14)	(15)
Royalty Fee	-	-	(27)	(75)	(85)
Operating Profit	(16)	420	559	617	695
EBITDA	432	868	1,038	1,167	1,265
Interest Income	20	20	27	40	45
Interest Expense	(77)	(47)	(99)	(100)	(113)
Gain (Loss) on Disposal	67	37	41	41	41
Other Income (Expense)	31	54	63	69	69
Pre-tax Profit	26	484	591	666	737
Taxes	17	120	(130)	(147)	(162)
Minority Interest	(1)	(6)	(6)	(6)	(6)
Net Profit	42	358	456	514	569

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash	946	891	1,331	1,487	1,354
Receivables	308	393	456	516	739
Inventory	11	14	16	18	20
Others	102	82	82	82	82
Total Current Asset	1,367	1,380	1,885	2,103	2,194
Net Fixed Asset	4,938	5,281	6,064	6,276	6,707
Other Assets	293	232	232	232	232
Total Asset	6,598	6,893	8,181	8,611	9,133
Payables	50	169	281	317	358
ST. Debt and CMLTD	348	491	624	633	663
Other Current Liabilities	167	248	248	248	248
Current Liability	565	908	1,153	1,198	1,269
LT. Debt	494	189	886	899	941
Other LT. Liabilities	391	445	449	449	449
Total Liability	1,451	1,542	2,488	2,547	2,659
Minority Interest	98	102	97	91	85
Total Equity	5,148	5,351	5,693	6,065	6,474

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	42	358	456	514	569
D&A	(219)	34	65	136	569
Changes in Working Capital	(105)	141	49	(25)	(184)
Operating CF	(283)	533	570	625	955
Capital Expenditure	999	(315)	(848)	(348)	(1,000)
Others	-	-	-	-	-
Investing CF	999	(315)	(848)	(348)	(1,000)
Dividend Paid	(90)	(150)	(108)	(137)	(154)
Net Borrowing	(408)	(162)	831	22	72
Others	(64)	60	(6)	(6)	(6)
Financing CF	(562)	(252)	718	(121)	(88)
Net - Cash flow	154	(35)	440	156	(134)
Adjustment	(7)	(20)	-	-	-
Cash at Beginning	799	946	891	1,331	1,487
Cash at Ending	946	891	1,331	1,487	1,354

Key Ratios					
Y/E Dec	21A	22A	23F	24F	25F
Gross Profit Margin (%)	22.2	29.9	31.5	31.7	32.1
Operating Margin (%)	(0.7)	11.7	13.4	13.1	13.1
Pretax Margin (%)	1.2	13.5	14.2	14.1	13.9
Net Profit Margin (%)	1.9	10.0	10.9	10.9	10.7
Revenue Growth (%)	8.5	61.7	16.1	13.1	12.9
EBITDA Margin (%)	19.4	24.2	24.9	24.8	23.8
EBITDA Growth (%)	43.4	101.0	19.6	12.4	8.4
Debt to Equity (x)	0.2	0.1	0.3	0.3	0.2

Key Assumption					
Y/E Dec	21A	22A	23F	24F	25F
Total Taxi Fleet (Unit)	15,414	14,258	15,166	16,133	17,162
Regular Taxi Utilization	58.6%	74.3%	80.0%	80.0%	80.0%
Executive Taxi Utilization	29.4%	75.0%	80.0%	80.0%	80.0%
Regular Taxi ARPV Growth (%)	16.3%	36.7%	9.0%	7.0%	7.0%
Executive Taxi ARPV Growth (%)	21.9%	50.5%	10.0%	10.0%	10.0%

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