

HOLD (From BUY)

Target Price (IDR) 69 (from 130)

Potential Upside (%) 11.3

Price Comparison

Cons. Target Price (IDR) 104

SSI vs. Cons. (%) 66.1

Stock Information

Last Price (IDR) 62

Shares Issued (Mn) 1,150,838

Market Cap. (IDR Bn) 82,897

52-Weeks High/Low (IDR) 226/54

3M Avg. Daily Value (IDR Bn) 263.5

Free Float (%) 64.0

Shareholder Structure:

GOTO Peopleverse Fund (%) 6.85

Public (%) 63.29

Taobao China Holding Ltd (%) 8.84

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(24.2)	(18.8)	(36.7)	(64.6)
JCI Return	(1.4)	(2.9)	(1.4)	(3.7)
Relative	(22.8)	(15.9)	(35.3)	(60.9)

Stock Price & Volumes, 12M



Company Background

GoTo Group is the largest digital ecosystem in Indonesia. GoTo's mission is to "drive 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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Wishful Thinking

Net loss continues to decline. GOTO reported a GTV of IDR 151.3tn in 3Q23 (+5.2% qoq, -6% yoy); the qoq growth was primarily driven by the shift in focus to budget-conscious customers. The company adjusted its net take rate to 3.95% (-0.1 bps qoq, +0.1 bps yoy), mainly due to the drop in Tokopedia's service fee (from IDR 2k to IDR 1k). GOTO managed to post a contribution margin (CM) of IDR 1.1tn in 3Q23 (+8.6% qoq, 3Q22: -IDR 1.1tn), while its adjusted EBITDA stood at -IDR 942bn in 3Q23 (2Q23: -IDR 1.2tn, 3Q22: -IDR 3.7tn) and -IDR 3.7tn in 9M23, in line with the company's FY23 EBITDA target range (-IDR 4.5tn to -IDR 3.8tn). GOTO's management remained optimistic that the company would be able to achieve its guidance. Cumulatively, GOTO posted revenue of IDR 10.5tn in 9M23 (+31.9% yoy), beating our projection (SSI: 82.8%) but below cons (67.2%), with a net take rate of 2.4% (0 bps) and a net loss of -IDR 9.6tn (vs. -IDR 20.3 trillion in 9M22).

Is positive adjusted EBITDA really achievable? Management highlighted that its guidance for positive adjusted EBITDA in 4Q23 is still achievable through further cost-cutting measures and new product offerings such as GoNego, that will boost GTV and earnings. Management also hinted that new product offerings will not disrupt its current business. However, we noted that GOTO's take rate might decline further in 4Q23 due to various promotions and discounts offered to customers, making it almost impossible to book a positive adjusted EBITDA in 4Q23. Our forecast remains the same; GOTO will achieve it in 2Q24 at the earliest, supported by cost-cutting measures and take rate stabilization.

Is the runway getting shorter? GOTO has done several financing deals that allow the company to raise cash to prolong its runway. However, this should be a red flag, since it indicates that GOTO might have a shorter runway than we think. With an estimated net loss of IDR -11.4 trillion in FY23F and with only IDR 24.6 trillion in cash balance as of 9M2. We estimate that should there be no improvement in earnings or further fundraising, GOTO's runway might run out in 2-3 years, compared to previous estimates of 4-5 years. This presents a risk for the company as cost-cutting is not the only solution. We think the company should explore other options to boost its GTF business by further collaborating with Bank Jago and other financial intermediaries.

Downgrade, TP IDR 69. In light of several factors, including the fact that the public is now the majority shareholder of GOTO (which might lead to major volatility), the loss of several key personnel, and other potential risks, we decided to downgrade GOTO to HOLD with a SOTP-based TP of IDR 69, implying an EV/Sales FY24F of 3.1x. Previously, we assigned a premium for all GOTO business, but due to lack of scalability, we decided to give a 20% discount to its ODS business and a 30% discount to GTF. **Main Risk:** Lower-than-expected take rates, more net losses.

Forecast and Valuations (@ IDR 62 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)	0.1	0.1	0.1	0.1	0.0
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)	16.2	6.5	5.8	3.8	2.6
BVPS (IDR)	117	104	100	103	114
P/BV Ratio (x)	0.5	0.6	0.6	0.6	0.5
P/GTV (x)	0.2	0.1	0.1	0.1	0.1
EV/Sales	9.8	4.1	4.1	2.5	1.3
ROAE (%)	(27)	(30)	(9)	(2)	5
ROAA (%)	(23)	(27)	(8)	(2)	5
EV/EBITDA	(2)	(2)	(6)	830	4
Net Gearing (x)	-	-	-	-	-

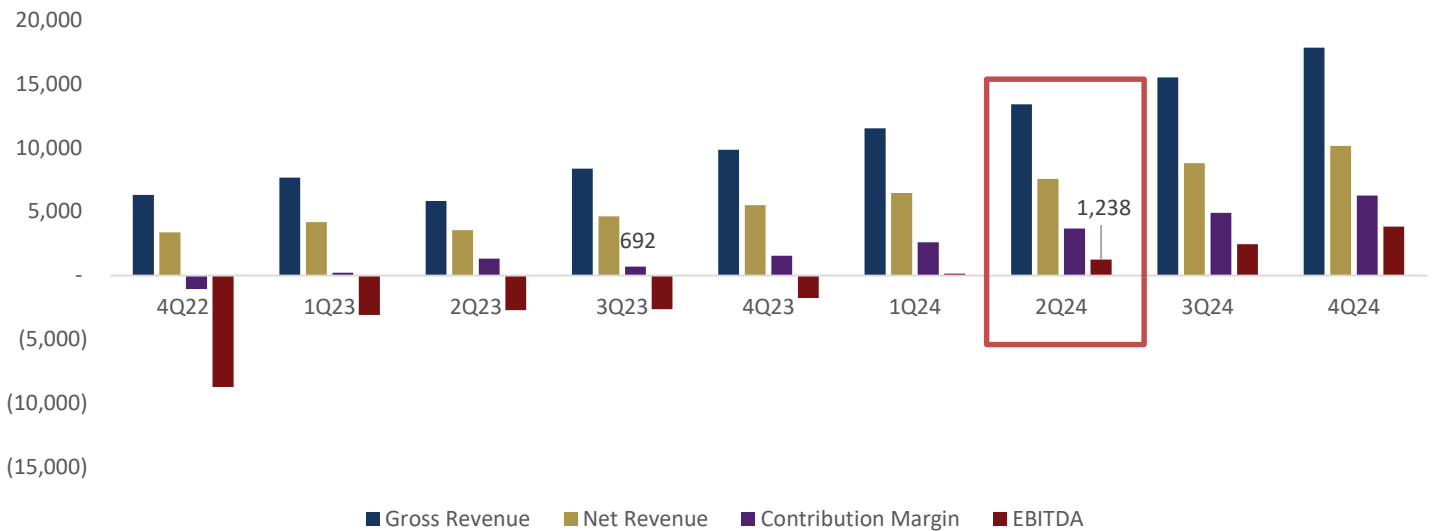
Figure 1. 3Q23 Results

PT GoTo Gojek Tokopedia Tbk. (GOTO IJ) (IDR billions)	3Q22	2Q23	3Q23	QoQ (%)	YoY (%)	9M22	9M23	YoY (%)
GTV	160,941	143,739	151,250	5.2%	-6.0%	451,476	443,527	-1.8%
Gross Revenue	5,892	5,833	5,977	2.5%	1.4%	16,630	1,791	-89.2%
Net Revenue	4,569	3,522	3,627	3.0%	-20.6%	7,969	10,511	31.9%
Contribution Margin	(1,186)	1,045	1,135	8.6%	N/A	(5,746)	2,816	N/A
EBITDA	(6,189)	(2,709)	(1,837)	N/A	N/A	(19,072)	(8,068)	N/A
Adjusted EBITDA	(3,693)	(1,208)	(942)	N/A	N/A	(12,875)	(3,747)	N/A
Gross Take Rate (%)	3.66%	4.06%	3.95%	-0.1 bps	0.1 bps	3.7%	0.4%	-3 bps
Net Take Rate (%)	2.84%	2.45%	2.40%	-0.1 bps	-0.2 bps	1.8%	2.4%	0 bps
Contribution Margin (%)	-0.74%	0.73%	0.75%	0.0 bps	-2.0 bps	-1.3%	0.6%	-1 bps

Source: SSI Research, Company

Source: Company, SSI Research

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



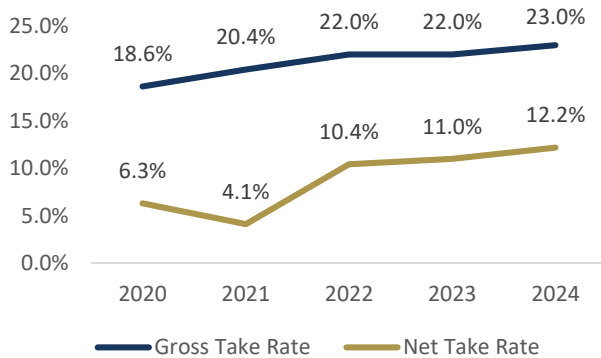
Source: Company, SSI Research

Figure 3. Valuation Method

Business	Method	Multiple (x)	2024 Sales (IDRbn)	Valuations (IDRbn)	Stake	Value to GOTO (IDRbn)
E-commerce	EV/Sales	1.7	7,968	13,392	100.00%	13,392
On-Demand	EV/Sales	3.4	8,303	27,841	100.00%	27,841
Fintech	EV/Sales	2.9	4,650	13,465	100.00%	13,465
ARTO	Enterprise Value			21,261	21.40%	4,550
Enterprise Value						59,248
(-) Debt						(2,142)
(+) Cash						27,332
(-) Minority Interest						(2,182)
Equity Value						82,256
Shares Outstanding						1,184
Value per Share						69

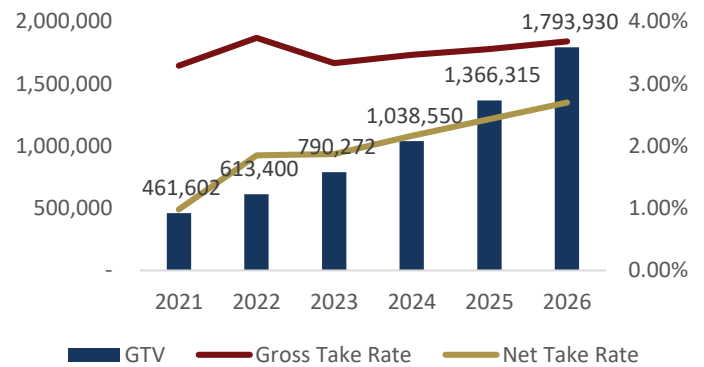
Source: SSI Research

Figure 4. On-Demand Gross and Net Take Rate



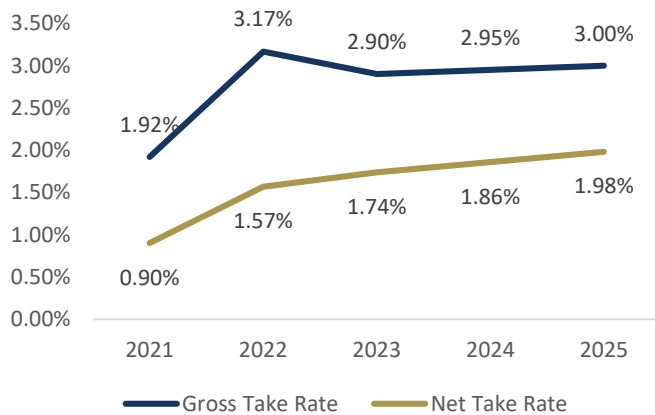
Source: Company. SSI Research

Figure 5. GTV and Take Rates Growth



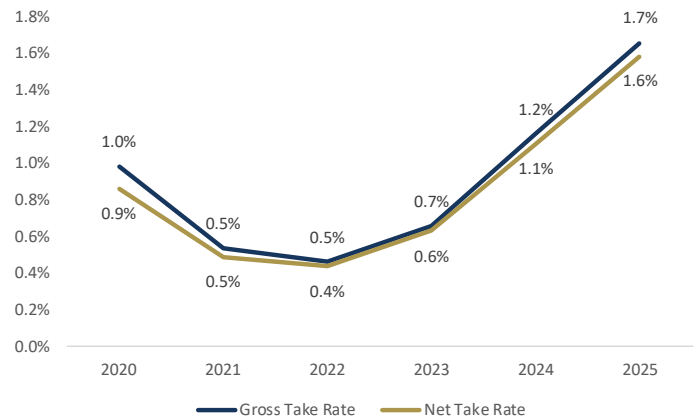
Source: Company. SSI Research

Figure 6. E-commerce Gross and Net Take Rate



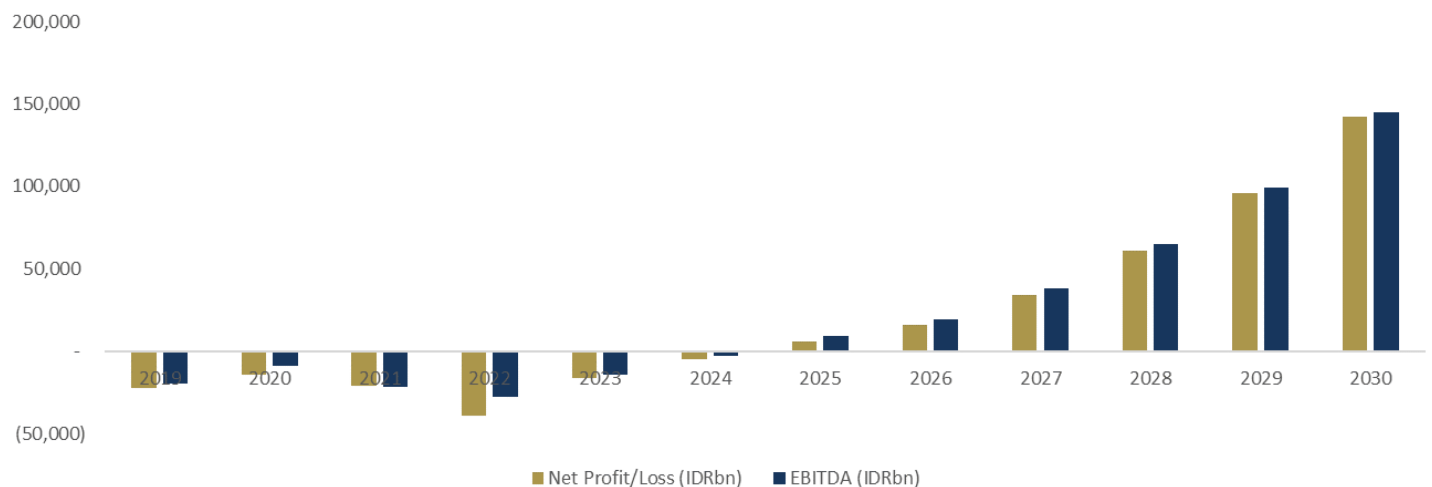
Source: Company. SSI Research

Figure 7. Fintech Gross and Net Take Rates



Source: Company. SSI Research

Figure 7. Net Profit and EBITDA forecast



Source: Company, SSI Research

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenues	4,536	11,349	12,691	19,188	28,266
Cost of Revenues	(3,776)	(5,480)	(5,185)	(6,003)	(6,833)
Gross Profit/Loss	760	5,869	7,505	13,186	21,433
SGA Expense	(23,145)	(36,199)	(19,695)	(16,177)	(14,903)
Operating Profit/Loss	(22,385)	(30,330)	(12,189)	(2,992)	6,530
EBITDA	(21,623)	(27,784)	(9,403)	58	9,869
Finance Income	323	618	575	472	542
Finance Expenses	(264)	(233)	(219)	(204)	(188)
Pre-tax Profit/Loss	(22,211)	(40,545)	(11,707)	(2,532)	7,167
Income Tax	(218)	136	37	8	(23)
Profit/Loss for Period	(22,429)	(40,408)	(11,669)	(2,524)	7,144
Minority Interest	(1,038)	(837)	(242)	(52)	148
Net Profit	(21,391)	(39,571)	(11,427)	(2,472)	6,996

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash & equivalents	31,151	29,009	23,787	27,332	39,527
Receivables	2,937	2,461	2,801	4,181	6,080
Others	1,976	2,711	2,707	2,717	2,728
Total Current Assets	36,064	34,180	29,295	34,231	48,335
Net Fixed Asset	1,470	1,497	1,526	1,560	1,598
Other Non-Current Asset	117,603	103,540	102,619	101,616	100,522
Total Assets	155,137	139,217	133,440	137,406	150,454
ST. Bank loan	1,606	615	579	540	497
Payables	9,688	10,660	9,377	10,033	10,484
Other current Liabilities	1,000	887	887	887	887
Total Current Liabilities	12,294	12,162	10,843	11,460	11,868
LT. Debt	776	1,826	1,719	1,602	1,475
Other LT Liabilities	414	236	236	236	236
Total Liabilities	16,113	16,493	15,066	15,567	15,847
Minority Interest	(1,292)	(2,198)	(2,120)	(2,182)	(2,411)
Total Equity	139,024	122,723	118,374	121,840	134,607

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	(21,391)	(39,571)	(11,427)	(2,472)	6,996
D&A	2,235	2,545	2,786	3,050	3,339
Changes in Working Capital	4,915	600	(1,620)	(735)	(1,458)
Operating Cash Flow	(14,691)	(17,206)	(10,262)	(157)	8,876
Capital Expenditure	(12,814)	(218)	(1,895)	(2,080)	(2,283)
Others	(78,437)	1,352	-	-	-
Investing Cash Flow	(91,251)	1,134	(1,895)	(2,080)	(2,283)
Net - Borrowing	(131)	60	(143)	(156)	(170)
Other Financing	121,662	13,315	7,078	5,938	5,771
Financing Cash Flow	121,531	13,374	6,935	5,782	5,601
Net - Cash Flow	15,588	(2,698)	(5,222)	3,545	12,195
Cash at beginning	15,319	31,151	29,009	23,787	27,332
Cash at ending	31,151	29,009	23,787	27,332	39,527

Key Ratios					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Gross Profit Margin (%)	16.8	51.7	59.1	68.7	75.8
Operating Margin (%)	(493.5)	(267.2)	(96.1)	(15.6)	23.1
EBITDA Margin (%)	(476.7)	(244.8)	(74.1)	0.3	34.9
Pre-Tax Margin (%)	(489.7)	(357.2)	(92.2)	(13.2)	25.4
Net Profit Margin (%)	(471.6)	(348.7)	(90.0)	(12.9)	24.8
Debt to Equity (%)	-	-	-	-	-
Net Gearing (%)	-	-	-	-	-

Major Assumptions					
	21A	22A	23F	24F	25F
Blended GTV Growth	39.8%	32.9%	0.2%	31.3%	31.5%
Blended Gross Take Rate	3.3%	3.7%	3.8%	3.9%	4.0%
Blended Net Take Rate Rate	1.0%	1.9%	2.1%	2.4%	2.7%
E-commerce GTV Growth	46%	18%	-5%	30%	33%
On-Demand GTV Growth	25%	22%	-3%	14%	13%
Fintech Service GTV Growth	80%	68%	5%	35%	33%

Peers Comparison

Company	Market Cap (mn)	EV(USD mn)	P/GMV		EV/GMV		EV/Sales		P/S		Sales Growth	
			2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
On-demand	71,812	74,985	0.6	0.5	0.6	0.5	2.3	2.0	2.4	2.0	23%	19%
Mobility												
Uber	89,568	94,681	0.6	0.5	0.63	0.53	2.6	2.2	2.4	2.0	18%	17%
Lyft	3,542	3,029	0.2	0.2	0.20	0.18	0.7	0.6	0.8	0.7	6%	12%
Grab	11,907	8,448	0.8	0.6	0.57	0.43	3.5	2.9	5.1	4.2	62%	22%
Delivery												
Meituan	86,124	88,975	0.7	0.6	0.72	0.62	2.1	1.7	2.3	1.9	26%	21%
Deliveroo	2,635	1,465	0.3	0.2	0.15	0.13	0.7	0.6	1.1	1.0	4%	9%
Delivery Hero	6,993	15,749	0.2	0.1	0.37	0.32	1.0	0.9	0.7	0.6	19%	15%
DoorDash	29,851	26,678	0.8	0.7	0.71	0.63	3.1	2.7	3.5	3.0	29%	17%
E-commerce	133,343	99,663	0.8	0.7	0.7	0.6	2.2	1.9	2.4	2.1	14%	13%
MercadoLibre	65,121	63,772	0.8	0.7	0.78	0.69	4.7	3.8	4.7	3.8	32%	23%
Sea	22,920	29,171	0.8	0.7	1.02	0.89	1.7	1.5	1.8	1.6	3%	11%
eBay	20,600	27,563	0.8	0.7	1.07	0.94	2.4	2.3	2.0	2.0	4%	4%
Alibaba	209,782	145,430	0.8	0.7	0.55	0.49	1.1	1.0	1.6	1.5	11%	10%
Bukalapak	1,313	53	0.8	0.7	-	0.03	-	-	4.5	3.6	27%	24%
Global Digital Ni	3,392	3,416	0.8	0.7	0.81	0.70	2.7	2.1	2.8	2.2	16%	27%
Fintech	48,129	62,817	0.5	0.4	0.6	0.5	4.8	4.2	5.1	2.8	3%	17%
Wallets												
Pay pal	56,725	62,230	0.1	0.1	0.11	0.11	1.9	1.7	1.9	2.8	8%	9%
Payment Gateway												
Block	24,989	39,118	0.2	0.2	0.31	0.31	1.1	1.0	1.2	2.8	24%	14%
Fiserv	68,979	90,772	0.9	0.8	1.25	1.09	5.1	4.7	3.8	2.8	2%	8%
Square	24,989	39,118	0.4	0.4	0.69	0.60	1.1	1.0	1.2	2.8	24%	14%
Nu Holding	39,364	15,541	1.8	1.6	0.71	0.62	4.9	3.6	5.6	2.8	45%	36%
Adyen	21,318	46,880	0.1	0.1	0.22	0.22	8.6	7.0	12.5	2.8	-82%	23%
StoneCo	1,986	5,860	0.1	0.1	0.30	0.30	3.8	3.7	1.2	2.8	-23%	2%
BNPL												
Humm	71	282	0.0	0.0	0.03	0.03	1.3	0.7	0.4	2.8	-	-
Zip	189	2,077	0.0	0.0	0.32	0.27	3.9	3.5	0.4	2.8	15%	11%
Enabler / SaaS												
Shopify	62,739	79,357	0.5	0.4	0.63	0.51	8.5	7.1	9.0	2.8	24%	30%

Source: Company, SSI Research

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