

BUY (From HOLD)

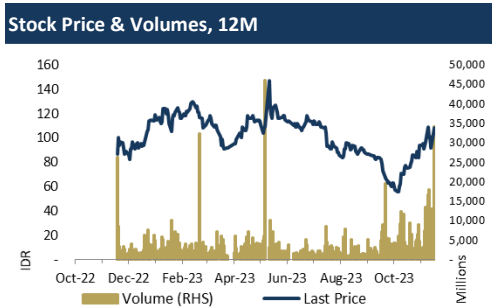
Target Price (IDR) 120 (from 69)
Potential Upside (%) 39.5

Price Comparison	
Cons. Target Price (IDR)	100
SSI vs. Cons. (%)	120.4

Stock Information	
Last Price (IDR)	86
Shares Issued (Mn)	1,150,838
Market Cap. (IDR Bn)	103,321
52-Weeks High/Low (IDR)	147/54
3M Avg. Daily Value (IDR Bn)	478.3
Free Float (%)	64.0

Shareholder Structure:	
GOTO Peopleverse Fund (%)	5.63
Public (%)	70.98
Taobao China Holding Ltd (%)	8.72

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	(5.5)	13.2	(2.3)	(1.1)
JCI Return	3.5	4.1	2.2	5.3
Relative	(9.0)	9.1	(4.5)	(6.4)



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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A New Hope

Quick Deal Recap TikTok is set to invest over USD 1.5 billion and will subsequently hold a 75.01% stake in Tokopedia. The transaction comprises: 1) TikTok will spend USD 840 million to acquire newly issued shares by Tokopedia, 2) Tokopedia will receive USD 1 billion from TikTok in the form of promissory notes, and 3) Tokopedia will purchase the exclusive rights to own and operate TikTok Shop in Indonesia from TikTok for USD 340 million. GOTO will retain a 24.99% stake in Tokopedia, which won't be diluted even if Tiktok provides additional funding for Tokopedia in the future. In addition, GOTO will still receive a steady revenue stream from Tokopedia.

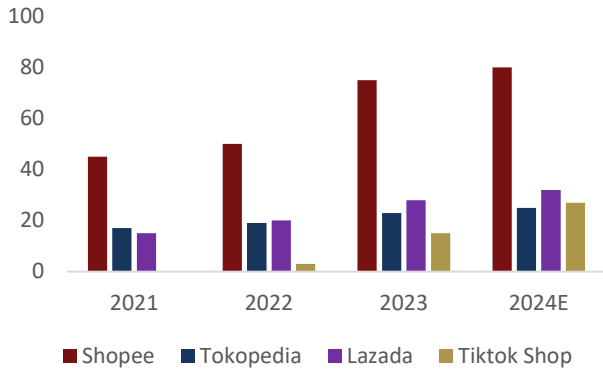
What are Our Thoughts on This? Contrary to many views, we see this move as a positive signal for GOTO as Tokopedia has been the bulk of GOTO's costs (31.5% of total costs) and contributed to 23.6% of total net loss in 9M23. We have always argued that Tokopedia has somewhat reached its peak, especially without external funding, while its closest competitor in Indonesia (SEA Group-backed Shopee) still has lots of capital to spend. However, live commerce is starting to consume the e-commerce space, and with TikTok Shop as the leader in the space, GOTO might have just found the perfect partner. Furthermore, we see this move will enable GOTO to really focus on its hidden gem, GoTo Financials (GTF), which offers high scalability, and with TikTok coming into Tokopedia, we might just see new product offerings, which should help boost transactions and upscale GTF's take rate further.

What's Going to Happen to GOTO's Books? With 75% of Tokopedia being acquired by TikTok, Tokopedia will surely be excluded from GOTO's revenue line, and we will see this in the company's 4Q23/1Q24 earnings report. However, this will enable GOTO will write off Tokopedia from its consolidated P&L, which should help reduce its net loss going forward. And with TikTok coming in, we hope Tokopedia can post a positive EBITDA, which will then contribute to GOTO's bottom line. However, there's also a downside to this transaction: GOTO might have to impair its goodwill, hurting its book value further.

Upgrade to BUY, TP IDR 120. With the upcoming investment from TikTok, we will have to revisit our model, which can be done in 1Q24 at the earliest. We have to take out Tokopedia from GOTO's revenue line and apply the equity method accounting to get an accurate value. Thus, we currently provide GOTO's model as it is. However, we upgraded our rating for GOTO to a BUY with a SOTP-based TP of IDR 120, reflecting FY24F EV/sales of 11.69x (ex. Tokopedia). We believe the premium valuation is justified, as both Bytedance and GOTO will dominate the SEA market. **Main Risk:** Lower-than-expected take rates and prolonged net loss.

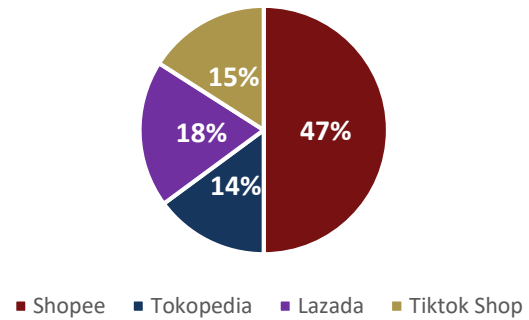
Forecast and Valuations (@ IDR 86 per share)					
Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	4,536	11,349	12,691	19,188	28,266
EBITDA (IDR Bn)	(21,623)	(27,784)	(9,403)	(1,557)	5,621
EV/GTV (x)	0.2	0.1	0.1	0.1	0.1
Net Profit (IDR Bn)	(21,391)	(39,571)	(11,427)	(4,182)	2,569
EPS (IDR)	(18)	(33)	(10)	(3)	2
EPS Growth (%)	na	na	na	na	na
P/Sales (x)	22.5	9.0	8.0	5.3	3.6
BVPS (IDR)	117	104	94	91	93
P/BV Ratio (x)	0.7	0.8	0.9	0.9	0.9
P/GTV (x)	0.2	0.2	0.2	0.1	0.1
EV/Sales	16.1	6.6	6.9	4.7	3.1
ROAE(%)	(27)	(30)	(10)	(4)	2
ROAA (%)	(23)	(27)	(9)	(3)	2
EV/EBITDA	(3)	(3)	(9)	(59)	16
Net Gearing (x)	-	-	-	-	-

Figure 1. Indonesia top E-Retailers by GMV



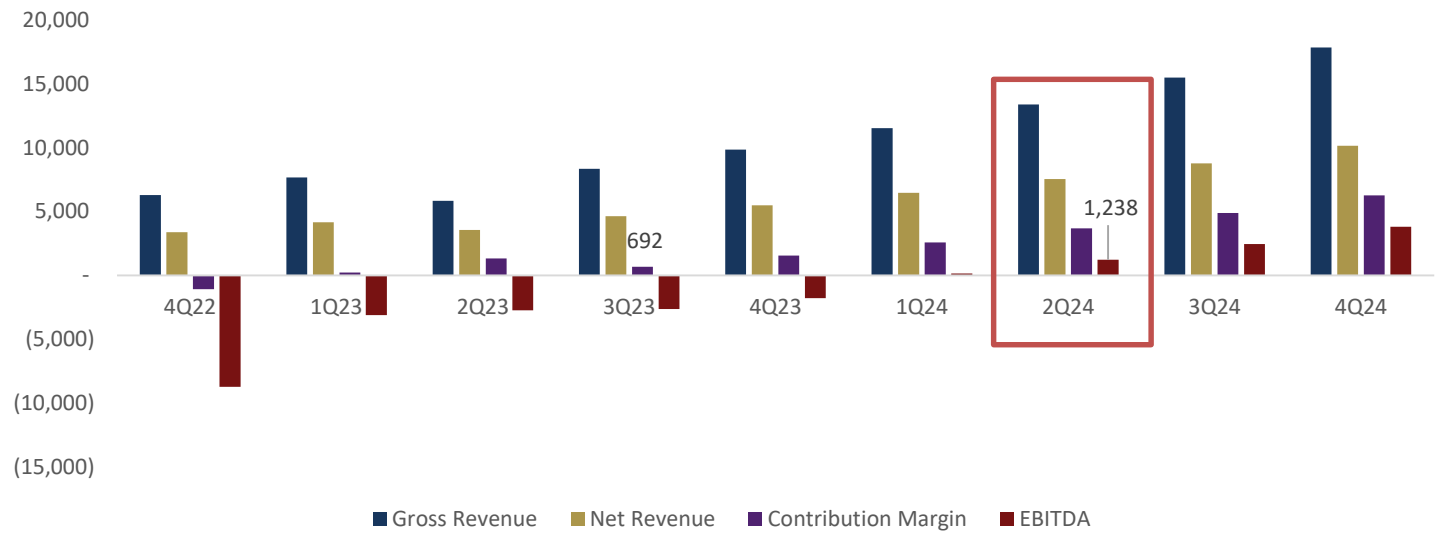
Source: Momentum Works, Bloomberg Intelligence, SSI Research

Figure 2. E-commerce Market Share



Source: Momentum Works, Bloomberg Intelligence, SSI Research

Figure 3. Quarterly GTV, Revenue, and Contribution Margin Trend



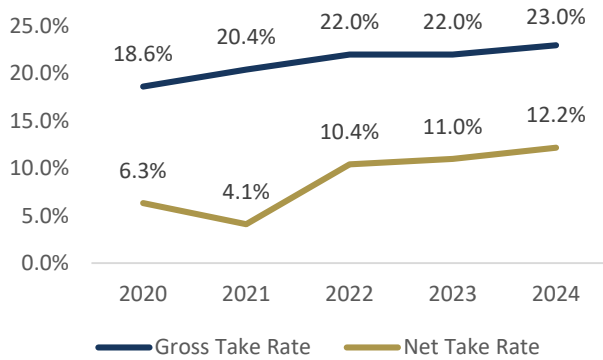
Source: Company, SSI Research

Figure 4. Valuation Method

Business	Method	Multiple (x)	2024 Sales (IDRbn)	Valuations (IDRbn)	Stake	Value to GOTO (IDRbn)
Tokopedia	Post TikTok Acquisition Value			30,996	24.99%	7,746
On-Demand	EV/Sales	8.4	8,303	69,603	100.00%	69,603
Fintech	EV/Sales	9.6	4,650	44,641	100.00%	44,641
ARTO	Marked-to Market Enterprise Value			43,085	21.40%	9,220
Enterprise Value						131,210
(-) Debt						(2,142)
(+) Cash						12,881
(-) Minority Interest						(1,923)
Equity Value						140,026
Shares Outstanding						1,201
Value per Share						120

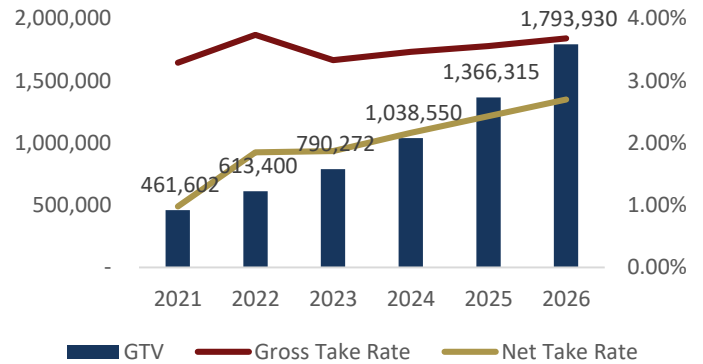
Source: SSI Research

Figure 5. On-Demand Gross and Net Take Rates



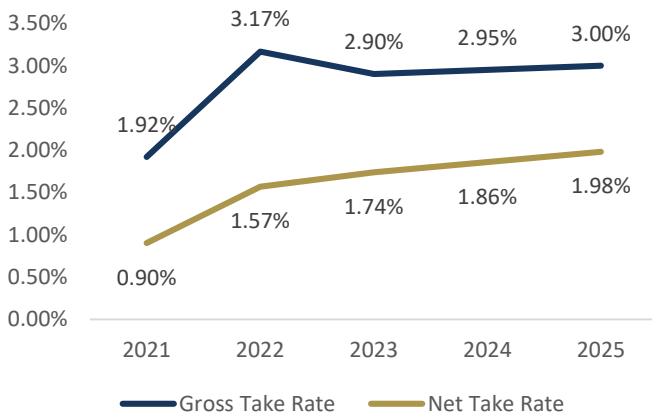
Source: Company. SSI Research

Figure 6. GTV and Take Rate Growth



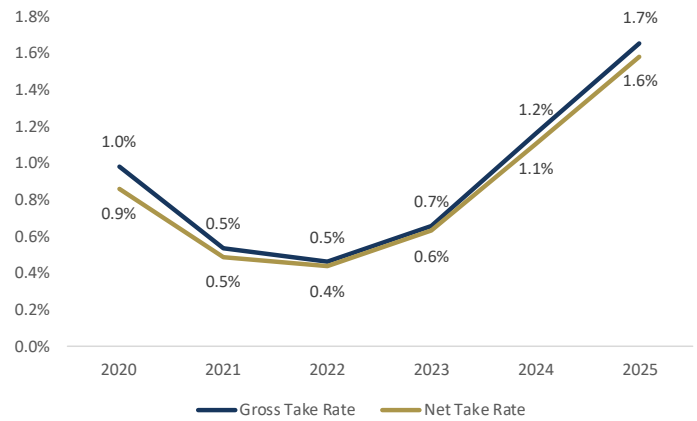
Source: Company. SSI Research

Figure 7. E-commerce Gross and Net Take Rates



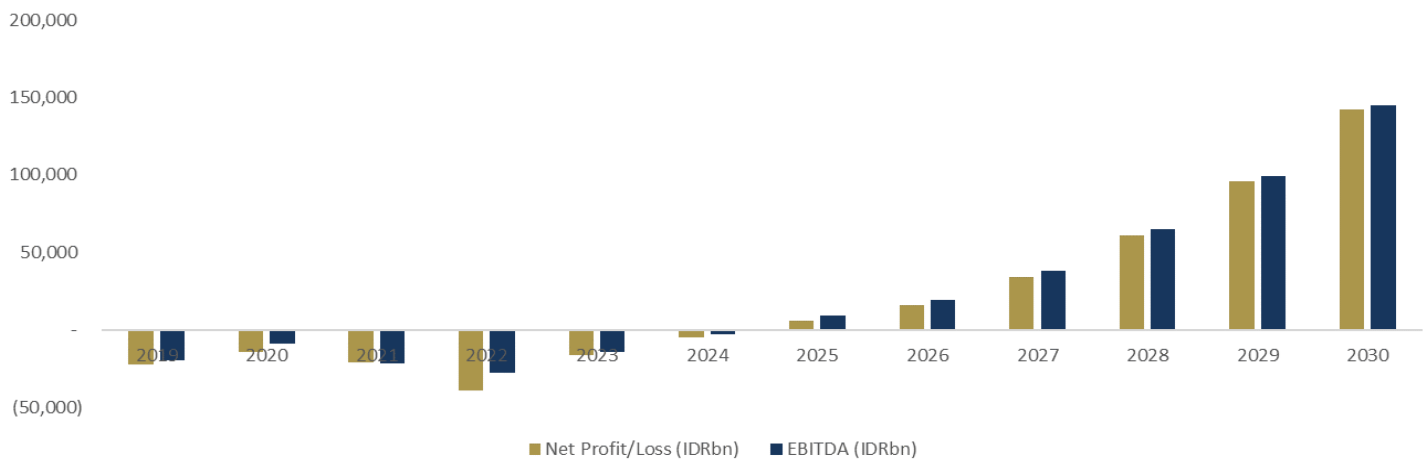
Source: Company. SSI Research

Figure 8. Fintech Gross and Net Take Rates



Source: Company. SSI Research

Figure 9. Net Profit and EBITDA Forecasts



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)	(17,792)	(19,151)
Operating Profit/Loss	(22,385)	(30,330)	(12,189)	(4,607)	2,282
EBITDA	(21,623)	(27,784)	(9,403)	(1,557)	5,621
Finance Income	323	618	575	335	255
Finance Expenses	(264)	(233)	(219)	(204)	(188)
Pre-tax Profit/Loss	(22,211)	(40,545)	(11,707)	(4,284)	2,632
Income Tax	(218)	136	37	14	(8)
Profit/Loss for Period	(22,429)	(40,408)	(11,669)	(4,270)	2,624
Minority Interest	(1,038)	(837)	(242)	(88)	54
Net Profit	(21,391)	(39,571)	(11,427)	(4,182)	2,569

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash & equivalents	31,151	29,009	16,910	12,881	14,833
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	22,418	19,780	23,641
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	126,563	122,955	125,760
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)	(1,997)	(1,923)	(1,968)
Total Equity	139,024	122,723	111,497	107,389	109,913

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	(21,391)	(39,571)	(11,427)	(4,182)	2,569
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)	(1,866)	4,450
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	201	74	(45)
Financing Cash Flow	121,531	13,374	58	(82)	(215)
Net - Cash Flow	15,588	(2,698)	(12,099)	(4,029)	1,952
Cash at beginning	15,319	31,151	29,009	16,910	12,881
Cash at ending	31,151	29,009	16,910	12,881	14,833

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)	(24.0)	8.1
EBITDA Margin (%)	(476.7)	(244.8)	(74.1)	(8.1)	19.9
Pre-Tax Margin (%)	(489.7)	(357.2)	(92.2)	(22.3)	9.3
Net Profit Margin (%)	(471.6)	(348.7)	(90.0)	(21.8)	9.1
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	Ticker	Market Cap (mn)	EV(USD mn)	P/GMV		EV/GMV		EV/Sales		P/S	
				23F	24F	23F	24F	23F	24F	23F	24F
On-demand		83,312	71,767	0.6	0.5	0.6	0.5	2.8	2.4	2.9	2.5
Mobility											
Uber	UBER US Equity	126,970	100,650	0.6	0.5	0.48	0.40	3.6	3.1	3.4	3.0
Lyft	LYFT US Equity	5,191	3,515	0.3	0.3	0.24	0.21	1.0	0.9	1.2	1.1
Grab	GRAB US Equity	12,298	8,448	0.8	0.6	0.55	0.41	3.6	3.0	5.2	4.3
Delivery											
Meituan	3690 HK Equity	69,275	72,818	0.7	0.6	0.74	0.63	1.5	1.3	1.8	1.5
Deliveroo	ROO LN Equity	2,886	1,465	0.3	0.3	0.15	0.13	0.7	0.7	1.1	1.0
Delivery Hero	DHER GY Equity	9,173	15,749	0.2	0.2	0.37	0.32	1.2	1.1	0.8	0.7
DoorDash	DASH US Equity	39,821	27,867	0.8	0.7	0.56	0.49	4.2	3.6	4.6	3.9
E-commerce		126,843	104,102	0.8	0.7	0.7	0.6	2.2	1.9	2.5	2.2
MercadoLibre	MELI US Equity	79,782	63,772	0.8	0.7	0.64	0.56	5.6	4.5	5.6	4.5
Sea	SE US Equity	22,670	21,651	0.8	0.7	0.76	0.67	1.7	1.5	1.8	1.6
eBay	EBAY US Equity	21,430	26,425	0.8	0.7	0.99	0.86	2.5	2.4	2.1	2.1
Alibaba	BABA US Equity	183,483	149,300	0.8	0.7	0.65	0.57	0.8	0.8	1.4	1.3
Bukalapak	BUKA IJ Equity	1,337	53	0.8	0.7	-0.03	-0.03	-	-	4.5	3.7
Global Digital Niaga	BELI IJ Equity	3,637	3,416	0.8	0.7	0.75	0.66	2.9	2.3	2.9	2.3
Fintech		64,570	59,690	0.6	0.5	0.5	0.5	7.6	6.4	7.8	2.8
Wallets											
Pay pal	PYPL US Equity	63,546	62,826	0.1	0.1	0.10	0.10	2.1	2.0	2.1	2.8
Payment Gateway											
Block	SQ US Equity	42,477	25,289	0.2	0.2	0.12	0.12	1.9	1.7	1.9	2.8
Fiserv	FI US Equity	79,441	90,772	1.1	1.0	1.25	1.09	5.6	5.2	4.4	2.8
Square	SQ US Equity	42,477	25,289	0.8	0.7	0.45	0.39	1.9	1.7	1.9	2.8
Nu Holding	NU US Equity	38,984	15,541	1.8	1.5	0.71	0.62	5.2	3.7	5.5	2.8
Adyen	ADYEN NA Equity	39,598	46,880	0.1	0.1	0.12	0.12	19.0	15.3	22.8	2.8
StoneCo	SNEX US Equity	2,008	5,706	0.1	0.1	0.28	0.28	1.8	1.8	0.6	2.8
BNPL											
Humm	HUM LN Equity	80	282	0.0	0.0	0.03	0.03	1.3	0.7	0.4	2.8
Zip	ZIP AU Equity	323	2,077	0.0	0.0	0.32	0.27	4.0	3.6	0.6	2.8
Enabler / SaaS											
Shopify	SHOP US Equity	93,273	66,499	0.5	0.4	0.36	0.29	12.8	10.7	13.3	2.8
GoTo Gojek Tokopedia	GOTO IJ Equity	8,331	4,214	0.5	0.4	0.3	0.2	7.0	5.3	8.7	3.8

Source: Company, SSI Research

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