

Adi Sarana Armada (ASSA): IDR 785 – BUY, SSI TP: IDR 1,200; Cons. TP: 1,099

2Q24 Results: 29 July 2024

(USDMn)	2Q23	1Q24	2Q24	QoQ (%)	YoY (%)	6M23	6M24	YoY (%)	6M24/ SSI (%)	6M24/ Cons. (%)
Revenue	1,243	1,182	1,186	0.4	(4.5)	2,389	2,368	(0.9)	49.7	50.4
Gross Profit	271	339	338	(0.7)	24.4	569	677	19.0	50.8	55.3
EBITDA	307	404	387	(4.2)	25.8	645	791	22.6	93.1	59.9
Operating Profit	79	172	191	10.8	142.5	194	363	87.1	64.6	76.7
Net Profit	18	71	57	(19.1)	223.7	70	128	84.6	46.2	64.0
Key Ratios										
GPM (%)	21.8	28.7	28.5	-	-	23.8	28.6	-	-	-
EBITDA Margin (%)	24.7	34.2	32.6	-	-	27.0	33.4	-	-	-
OPM (%)	6.3	14.6	16.1	-	-	8.1	15.3	-	-	-
NPM (%)	1.4	6.0	4.8	-	-	2.9	5.4	-	-	-

Our take on the results (SSI: In-line; Cons: Above)

- ASSA reported significant EPS growth in 2Q24 of +223.7% YoY, bringing 1H24 net profit to IDR 128bn (+84.6% YoY), in line with our estimate but much higher than consensus expectation. This strong result was propelled by improved GPM (2Q24: 28.5%, 2Q23: 21.8%) from Anteraja (2Q24: 7.4%; 2Q23: 3.6%) and Caroline's used car sales (2Q24: 4.1%; 2Q23: 3.6%), which experienced higher ASP of +4-5% in 2Q24.
- On the volume front, sales of Caroline (online-to-offline used car trading platform) increased +9.3% YoY to 1,488 units while JBA (ASSA's auction business) grew +43.2% YoY to ~58,000 units, despite -19% YoY decline in domestic new car sales volumes (we suspect ASSA benefited from consumer down trading to used cars). Regarding Anteraja, we expect parcels/day of around 460-550k, which should be sufficient to achieve profitability in 2025.
- Focusing on B2B logistics, ASSA has added investment of IDR 20bn in CargoShare, which manages mid-mile operations between distribution centers and retail stores, serving prominent player such as JNE and SiCepat, and others sector including FMCG, F&B, Express Logistic, Retail. The focus is not only on logistic clients but also on the entire end-to-end B2B value chain. Utilizing advanced Transportation Management System (TMS), Cargoshare optimizes truckloads and routes, reducing costs. Furthermore, CargoShare vehicles are registered as yellow plate vehicles (commercial use), which are subject to final tax of 1.1%, much lower than final tax imposed on rented vehicles (11%), helping Anteraja to cut costs further.
- With ASSA having implemented another investment in PT Kedai Pangan Sejahtera for food distribution and obtaining MUI halal certification to support distribution of halal products in Indonesia, sentiment on the company should remain positive and support recent market outperformance. BUY with TP of IDR 1,200.

Peer Comparables

Company Ticker	Market Cap	2024F				
	Cap. (USDmn)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)	ROE (%)
IMAS IJ*	319	8.8	-	10.7	1.5	5.1
MPMX IJ*	272	8.8	-	2.7	0.1	-
ASSA IJ	178	10.3	1.4	7.0	1.2	10.2
Local Average		9.1	0.3	7.0	1.0	4.5
002352 CH	22,429	19.2	1.8	7.7	0.7	9.7
ZTO US	15,221	12.8	1.9	7.9	2.9	15.6
600233 CH	6,623	12.8	1.8	6.8	0.8	13.6
HUBG US	2,866	21.6	1.6	8.1	0.7	7.4
Global Average		16.4	1.8	7.7	1.4	12.0

*This row presents the valuation figure for the year 2023

Relative Performance vs JCI

