Erajaya Swasembada (ERAA IJ)

SAMUEL SEKURITAS INDONESIA

Retail Sector
17 July 2026

JCI Index 6,176

BUY (Maintained)

Target Price (IDR)	**500**
Potential Upside (%)	**35.9**

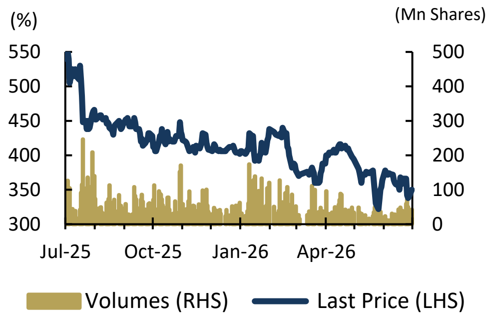
Company Data	
Cons. Target Price (IDR)	503
SSI vs. Cons (%)	99.4

Stock Information	
Last Price (IDR)	368
Market Cap. (IDR tn)	5,742
52-Weeks High/Low (IDR)	560/314
3M Avg. Daily Value (IDR bn)	13.4
Free Float (%)	43.5
Shareholders (%):	
PT Eralink International	55.2
Treasury Shares	1.0
Others (>1%)	0.3

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(11.8)	(4.8)	(10.0)	(34.5)
JCI Return	(29.4)	(2.3)	(19.9)	(15.1)
Relative	17.6	(2.4)	9.9	(19.5)

Stock Price & Volumes, 12M



Company Background

Having established its core smartphone business with brands such as Apple and Samsung in 1996, ERAA, listed back in 2011, has expanded its operations into multi-segmented retail platform spanning from Digital Electronics, Active Lifestyle (including XPENG automotive) as well as Food & Nourishment. Today, ERAA operates across Indonesia, Malaysia, and Singapore with 77 distribution centers, 2,404 retail outlets, and 54,000+ third-party kiosks/ outlets.

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Cheapest in the Sector

2Q26F and 3Q26F previews: new launches of handsets cause up-trading. On the back of the high base effect in 2Q25 which captured the deferred iPhone 16 launch from FY24, 2Q26F results are expected to be flattish YoY. However, for 3Q26F, we expect sales to increase +4.8% YoY and net profit +53.0% YoY cause by uptrading in handset sales, as most brands have introduced more high-end models to pass on escalating global chipset prices (figure 2). Notably, ERAA's SSSG continued its positive trend in 5M26 at +7.2%, supported by top-of-the-line products such as the iPhone. ERAA also noted that demand for high-end flagship products such as the iPhone 17 Pro Max remains strong. To cushion IDR depreciation impact, ERAA has implemented front-loaded inventory buffers and provided promotional support for volumes. Meanwhile, ERAL, its active and lifestyle subsidiary, has continued to record double-digit SSSG of +10.8% on positive performances across the board (e.g. active lifestyle products).

Phone sales volumes: adversely impacted by memory-led ASP inflation. Globally, IDC projects 2026F shipments to contract 13.9%, the steepest decline on record, with blended ASP rising c. USD100 to a record USD550. Worth noting, in 1H26 most new product launches from brand principals recorded uptrading, with headline prices +4-27% higher; the entry-tier (priced under IDR 3mn) to mid-tier (priced IDR 3-8mn) phones saw the biggest price hikes of +17-27% vs previous model launches. For Indonesia, 1Q26 smartphone shipments fell 9% YoY as the global memory supply crisis drove retail price hikes of 7-45% across both older models and new launches. In 2Q26, compounded by IDR depreciation to c.IDR 18,000/USD (-11% YoY), mobile DRAM contract prices rose further by c.70-83% QoQ. This hit the purchasing-power-sensitive entry tier hardest (sub-USD150: -19% YoY), while the premium segment (>USD600) jumped +30% YoY and reached its highest total-shipment level of 8.3%, primarily driven by Apple phones.

Most attractive valuation in the sector — BUY with reduced TP to IDR 500. While we maintain our Buy rating on ERAA, we have cut our TP to IDR 500 on overall lower market and sector valuations. At this stage of the cycle, although ERAA has outperformed the JCI by 17.6% YTD, the stock is still currently trading on 2026F P/S of 0.1x, the lowest in the sector and at 83% discount to peers. In terms of 26F P/E, ERAA is also the cheapest trading at 71% discount to the sector (figure 7). We like the company's dominant market share cushioning the impact of difficult operating conditions and its strategy to increase contribution of its active and lifestyle business to c.25-30% of total revenues over the longer run to boost ROE. Key risks: 1) weaker SSSG, 2) worse IDR depreciation, and 3) geopolitics and supply constraints disrupt product imports.

Forecasts and Valuations (at closing price IDR 368 per share)

Y/E Dec	24A	25A	26F	27F	28F
Revenue (IDR Bn)	65,280	76,607	78,366	85,898	93,316
Operating Profit (IDR Bn)	1,706	1,732	1,801	1,934	2,305
Net Profit (IDR Bn)	1,033	1,196	1,509	1,563	1,846
EPS (IDR)	65	76	96	99	117
EPS Growth (%)	25.0	15.8	26.2	3.6	18.1
P/S (x)	0.1	0.1	0.1	0.1	0.1
P/E (x)	5.6	4.9	3.5	3.4	2.9
P/BV (x)	0.7	0.6	0.5	0.5	0.4
Dividend Yield (%)	4.6	5.2	7.2	9.9	10.3
ROE (%)	13.4	13.8	15.6	14.5	15.5
Net Gearing (%)	51.2	72.5	7.3	13.8	NC
Interest Coverage (x)	2.8	2.9	4.1	5.8	6.9

Figure 1. YoY Launch Price Comparison (1H26 vs. 1H25)

Segment	Brand / Line	1H25 Model (Base Variant)	1H25 Launch	1H25 Launch Price (IDR)	1H26 Model (Base Variant)	1H26 Launch	1H26 Launch Price (IDR)	D launch-to-launch (%)
Flagship	Samsung Galaxy S	Galaxy S25 (256GB)	Feb-25	14,999,000	Galaxy S26 (256GB)	Feb-26	16,499,000	10.0
Ultra flagship	Samsung Galaxy S Ultra	Galaxy S25 Ultra (12/256)	Feb-25	21,999,000	Galaxy S26 Ultra (12/256)	Mar-26	24,499,000	11.4
Premium-mid	Apple iPhone e-series	iPhone 16e (128GB)	Apr-25	12,499,000	iPhone 17e (256GB)	May-26	13,499,000	8.0
Upper-mid	Samsung Galaxy A5x	Galaxy A56 5G (base)	Mar-25	6,199,000	Galaxy A57 (base)	Apr-26	7,599,000	22.6
Mid	Samsung Galaxy A3x	Galaxy A36 5G (base)	Mar-25	5,199,000	Galaxy A37 (base)	Apr-26	6,599,000	26.9
Mid	Xiaomi Redmi Note Pro	Redmi Note 14 Pro 5G	Jan-25	3,999,000	Redmi Note 15 Pro (8/256)	Feb-26	4,699,000	17.5
Mid+	Xiaomi Redmi Note Pro+	Redmi Note 14 Pro+ 5G (base)	Jan-25	5,499,000	Redmi Note 15 Pro+ (base)	Feb-26	5,999,000	9.1
Mid	POCO X	POCO X7 Pro (8/256)	Jan-25	4,599,000	POCO X8 Pro (base)	Apr-26	4,999,000	8.7
Mid-premium	OPPO Reno	Reno 13 5G (12/256)	Jan-25	7,999,000	Reno 15 5G (8/256)	Feb-26	8,299,000	3.8
Entry	Tecno Spark Go	Spark Go (2025)	Jan-25	1,199,000	Spark Go 3 (4GB)	Feb-26	1,399,000	16.7
Entry-mid	Realme C	Realme C75	Jan-25	2,999,000	Realme C85 5G	Feb-26	3,499,000	16.7

Source: Various Sources, SSI Research

Figure 2. Premium Segment Launches, 1H26

Brand	Model	Indonesia Launch	Launch Price (IDR)	Tier
OPPO	Find X9 Ultra	May-26	N/A	Ultra Flagship
vivo	X300 Ultra (SD 8 Elite Gen 5, 200MP)	May-26	N/A	Ultra Flagship
OPPO	Reno 15 Pro Max (200MP, Dimensity 8450)	Feb-26	13,999,000	New 'Pro Max' Tier
Xiaomi	Xiaomi 17T	Jun-26	8,999,000	Upper-Premium
Xiaomi	Xiaomi 17T Pro	Jun-26	11,999,000	Upper-Premium
Nubia	RedMagic 11 Pro (SD 8 Elite Gen 5, 16GB)	Feb-26	N/A	Gaming Flagship
Huawei	Mate X7 (Foldable)	1H26	27,000,000	Ultra Foldable
Motorola	Signature	Apr-26	N/A	Premium
Apple	iPhone 17e	May-26	13,499,000	Premium-Mid

Sources: Various Sources, SSI Research

Amid challenging macroeconomic environment, most smartphone brands have shifted their product launches toward the premium to ultra-premium segments

Figure 3. 1Q26 Results

ERAA 1Q26 Results: (IDR Bn)	1Q26	4Q25	1Q25	QoQ (%)	YoY (%)	3M26	3M25	YoY (%)	3M26/ SSI (%)	3M26/ Cons. (%)
Revenue	22,413	24,243	15,882	(7.5)	41.1	22,413	15,882	41.1	28.6	28.7
Gross Profit	2,388	2,505	1,795	(4.7)	33.1	2,388	1,795	33.1	28.6	26.9
Operating Profit	465	595	322	(21.8)	44.4	465	322	44.4	26.9	21.6
Net Profit	453	410	203	10.3	122.7	453	203	122.7	37.9	34.8
Key Ratios										
GPM (%)	*10.7*	*10.3*	*11.3*	-	-	*10.7*	*11.3*	-	-	-
OPM (%)	*2.1*	*2.5*	*2.0*	-	-	*2.1*	*2.0*	-	-	-
NPM (%)	*2.0*	*1.7*	*1.3*	-	-	*2.0*	*1.3*	-	-	-

Sources: Company, SSI Research

1Q26 top-line grew 41.1% YoY, mainly driven by low base in prior year, resulting in…

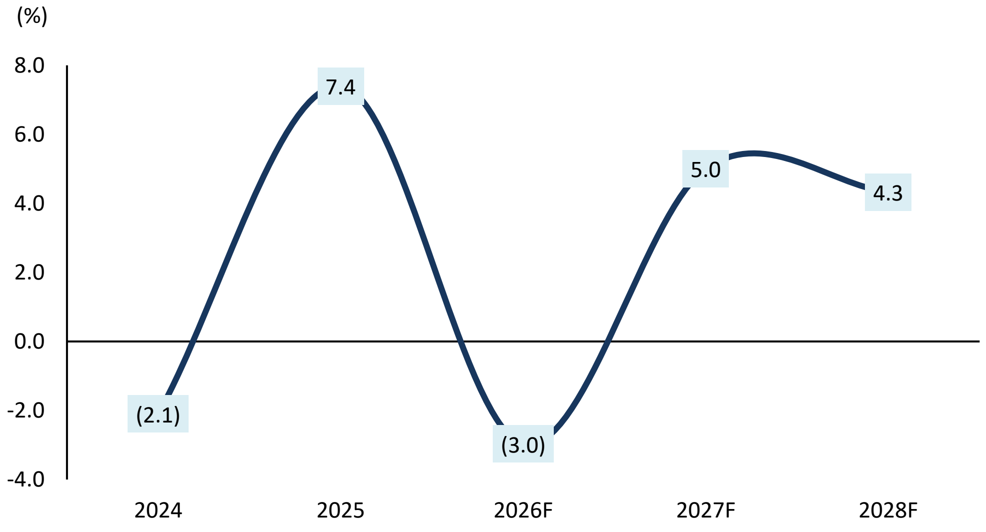
Figure 4. Earnings Revisions

	Old			New			Percentage (%)		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue (IDR Bn)	76,816	84,216	91,518	78,366	85,898	93,316	*2.0*	*2.0*	*2.0*
growth (%)	*9.8*	*9.6*	*8.7*	*2.3*	*9.6*	*8.6*			
Operating profit (IDR Bn)	2,055	2,256	2,693	1,801	1,934	2,305	*(12.4)*	*(14.3)*	*(14.4)*
OPM (%)	*2.7*	*2.7*	*2.9*	*2.3*	*2.3*	*2.5*			
growth (%)	*26.7*	*9.8*	*19.4*	*4.0*	*7.4*	*19.1*			
Net Profit (IDR Bn)	1,367	1,580	1,862	1,509	1,563	1,846	*10.4*	*(1.1)*	*(0.8)*
NPM (%)	*1.8*	*1.9*	*2.0*	*1.9*	*1.8*	*2.0*			
growth (%)	*24.1*	*15.6*	*17.8*	*26.2*	*3.6*	*18.1*			

Sources: Company, SSI Research

…our raising FY26F top-line and bottom-line forecasts by 2.0% and 10.4% respectively, primarily due to higher promotional support from brand principals and potential up-trading in handset sales

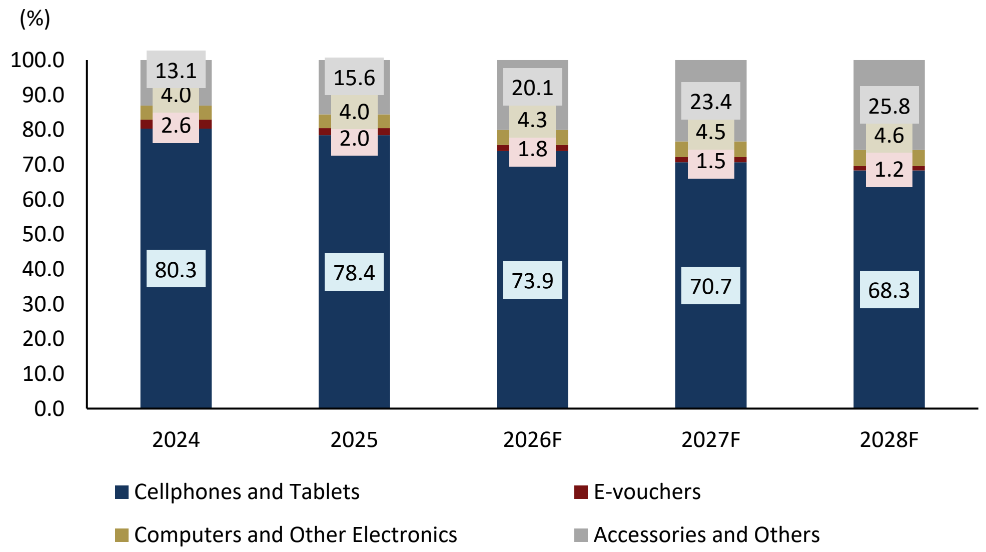
Figure 5. SSSG Trend



Sources: Company, SSI Research

1Q26 SSSG grew 27.5% driven by Ramadan seasonality and low base from the delayed iPhone 16 launch in prior year

Figure 6. Revenue Breakdown by Segment



Sources: Company, SSI Research

We expect the contribution from Accessories and Others segment to increase, primarily driven by ERAL's expansion, led by XPENG

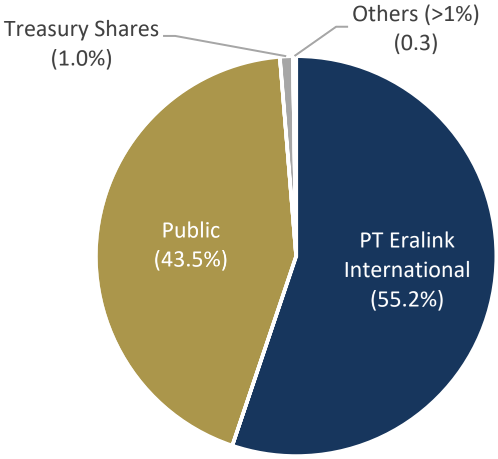
Figure 7. Peer Comparables

Company Ticker	Rating	Market Cap (IDR Tn)	Last Price (IDR)	TP (IDR)	EPS Gwt (%)	P/E (x)	2026F P/S (x)	Div. Yield (%)	ROE (%)
AMRT IJ	BUY	55.4	1,335	1,800	12.7	14.4	0.4	2.8	18.7
MAPI IJ	BUY	25.2	1,470	-	12.6	10.4	0.5	1.0	16.2
ACES IJ	BUY	6.0	346	430	7.7	8.2	0.7	7.3	11.9
MIDI IJ	BUY	9.5	282	580	1.9	11.7	0.4	2.5	18.5
ERAA IJ	BUY	5.9	368	500	26.2	3.5	0.1	7.2	15.6
Sector		**102.1**			**12.2**	**12.2**	**0.4**	**2.8**	**17.5**

Sources: SSI Research, Companies

ERAA is trading at 0.1x 26F P/S, while offering high dividend yield of 7.2% (sector: 2.8%) and superior 26F EPS growth of 26.2% (vs. 12.2% for the sector)

Figure 8. Company Ownership



Sources: Company, SSI Research

Owned by the Kusuma family, PT Eralink International acts as the controlling shareholder of ERAA, holding 55.2% stake

Financial Highlights

Figure 9. Income Statement

Y/E Dec (IDR Bn)	2024	2025	2026F	2027F	2028F
Revenue	65,280	76,607	78,366	85,898	93,316
Cost of Revenues	(58,004)	(68,256)	(69,524)	(76,108)	(82,471)
Gross Profit	**7,276**	**8,351**	**8,843**	**9,791**	**10,845**
Operating Expense	(5,570)	(6,619)	(7,041)	(7,856)	(8,540)
Operating Profit	**1,706**	**1,732**	**1,801**	**1,934**	**2,305**
D&A	435	562	635	715	802
EBITDA	**2,141**	**2,294**	**2,436**	**2,650**	**3,107**
Finance Income	38	46	29	35	73
Finance Expense	(650)	(642)	(474)	(367)	(407)
Other Income (Expense)	410	718	685	539	399
Gain (Loss) on FX	15	-	262	245	450
Pretax Profit	**1,519**	**1,854**	**2,304**	**2,387**	**2,819**
Income Tax	(400)	(541)	(672)	(697)	(823)
NCI	(87)	(117)	(122)	(127)	(150)
Net Income	**1,033**	**1,196**	**1,509**	**1,563**	**1,846**
EPS	65	76	96	99	117

Sources: ERAA, SSI Research

Solid top-line growth outlook underpinned by store expansions, handset premiumization, and greater exposure to high-growth lifestyle businesses

Figure 10. Balance Sheet

Y/E Dec (IDR Bn)	2024	2025	2026F	2027F	2028F
Cash & equivalents	1,766	2,131	4,371	4,082	7,498
Receivables	1,582	2,208	798	2,497	1,082
Inventories	7,131	11,645	2,831	13,016	4,156
Others	2,829	3,911	3,135	3,436	3,733
Total Current Assets	**13,308**	**19,894**	**11,135**	**23,030**	**16,469**
Fixed Assets	2,493	2,518	2,485	2,429	2,344
Intangible Assets	826	775	809	846	887
RoU	1,797	1,929	1,750	1,436	988
Other Non-Current Assets	3,351	3,740	3,135	3,436	3,733
Total Assets	**21,774**	**28,857**	**19,314**	**31,177**	**24,421**
ST. Bank Loans	2,734	4,977	2,908	3,202	3,572
Payables	5,527	8,411	927	10,930	1,897
Other current Liabilities	2,615	3,769	3,171	3,484	3,836
Total Current Liabilities	**10,876**	**17,157**	**7,006**	**17,617**	**9,305**
LT. Bank Loans	1,463	1,033	604	665	742
Other LT Liabilities	378	489	313	344	373
Total Liabilities	**12,717**	**18,679**	**7,924**	**18,626**	**10,420**
Total Equity	**9,057**	**10,177**	**11,390**	**12,552**	**14,001**

Source: ERAA, SSI Research

Net gearing is expected to remain at 7.3% backed by…

Figure 11. Cash Flow

Y/E Dec (IDR Bn)	2024	2025	2026F	2027F	2028F
Net Profit	1,033	1,196	1,509	1,563	1,846
D&A	435	562	635	715	802
Changes in Working Capital	1,822	(2,255)	2,739	(1,879)	1,240
Change in Others	(1,786)	(365)	1,319	(151)	(148)
Operating Cash Flow	**1,503**	**(862)**	**6,202**	**248**	**3,740**
Capital Expenditures	(918)	(669)	(457)	(383)	(309)
Others	(500)	(389)	606	(301)	(297)
Investing Cash Flow	**(1,418)**	**(1,058)**	**149**	**(684)**	**(606)**
Net - Borrowings	(84)	2,250	(3,639)	518	650
Dividend	(268)	(300)	(419)	(528)	(547)
Other Financing	267	335	(53)	157	179
Financing Cash Flow	**(85)**	**2,286**	**(4,111)**	**146**	**282**
Net - Cash Flow	0	365	2,240	(290)	3,416
Cash at beginning	1,766	1,766	2,131	4,371	4,082
Cash at ending	**1,766**	**2,131**	**4,371**	**4,082**	**7,498**

Source: ERAA, SSI Research

…solid cash flow generation

Figure 12. Key Ratios

Y/E Dec	2024	2025	2026F	2027F	2028F
Gross Margin (%)	11.1	10.9	11.3	11.4	11.6
EBIT Margin (%)	2.6	2.3	2.3	2.3	2.5
Pre-Tax Margin (%)	2.3	2.4	2.9	2.8	3.0
Net Profit Margin (%)	1.6	1.6	1.9	1.8	2.0
Dividend Yield (%)	4.6	5.2	7.2	9.9	10.3
BVPS (IDR)	515.4	579.2	648.3	713.9	796.2
Net Gearing (%)	51.2	72.5	7.3	13.8	n.c

Sources: ERAA, SSI Research

Expecting favorable margin trends on the back of solid business mix onwards

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