

GoTo Gojek Tokopedia

BUY (unchanged)

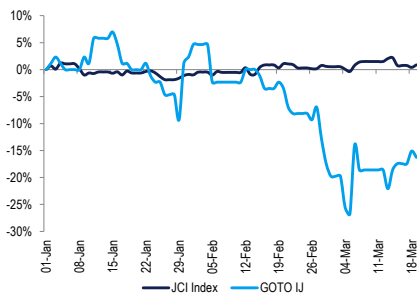
Company Update | Consumer Discretionary | GOTO IJ | 19 March 2024

Stock Data

Target price	Rp105
Prior TP	Rp105
Current price	72
Upside/downside	+46%
Shares outstanding (mn)	1,150,838
Market cap (Rp bn)	86,501
Free float	66%
Avg. 6m daily T/O (Rp bn)	266

Price Performance

	3M	6M	12M
Absolute	-16.3%	-21.7%	-33.3%
Relative to JCI	-19.3%	-27.5%	-44.3%
52w low/high (Rp)	56-147		



Major Shareholders

Taobao China Holding Ltd	7.4%
SVF GT Subco (Singapore) Pte Ltd	7.6%
Goto Peopleverse Fund	5.3%

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4Q23 result: positive adj. EBITDA while laying the foundation for LT growth

- GoTo reported Rp3.6tr group Adj. EBITDA loss in FY23 and positive Adj. EBITDA in 4Q23, a beat vs. FY23 guidance of Rp3.8-4.5tr loss.
- FY23 overall GTV, gross revenue, and net revenue was below cons. expectation (95-97%) but in-line with ours (100-101% IPS).
- Management guided adj. EBITDA breakeven in FY24F, by re-investing into growth in core businesses: ODS and GTF. Maintain our Buy rating.

4Q23 review: adj. EBITDA came in-line with indicative guidance

FY23 overall GTV, gross, and net revenue stood at Rp606tr (-1% yoy), Rp24.3tr (+3% yoy), and Rp14.8tr (+26% yoy), respectively, which was below consensus forecast (95-97%), but in-line with ours (100-101%), as we think consensus are yet to fully-adjust their forecast post 3Q23-result. Adj. EBITDA came higher than our forecast (85%) at Rp3.6tr loss as GOTO achieved positive adj. EBITDA in 4Q23 of Rp77bn, driven by ODS (+Rp239bn) and e-commerce (+Rp223bn, Fig. 2) – note that adj. EBITDA came better than guidance of Rp3.8-4.5tr. Overall group net take-rate in 4Q23 improved by ~20bps qoq, which was mainly contributed by all of GOTO's business segments (Fig. 3). On net profit level, however, GOTO reported Rp90.5tr net loss in FY23, owing to Rp78.8tr non-cash loss on goodwill, as a result of Tokopedia/Tiktok Shop deal in Feb-24.

Laying the foundation for long-term growth

GOTO guided for adj. EBITDA breakeven in FY24F by focusing on accelerated and profitable growth. Management would continue to focus on its core business: 1) on-demand services (ODS), by enhancing value for existing customers through affordable products (i.e. Hemat mode) as well as growing its mass-market consumer base; ODS's GTV is targeted to grow at mid-teens % in FY24F while for 2) fintech business, GOTO is committed to invest for long-term growth especially on lending and new services innovation with the aim to gain-market share in BNPL/lending business. We expect higher cash-burn on GTF to incentivize users to use GTF's BNPL services in the e-commerce. Note that GTF is the preferred – but not exclusive – lending partner of Tokopedia/TTS. GOTO also allocated up to US\$200mn funds for share-buyback, pending shareholder approval in the upcoming AGMS.

Maintain Buy rating with an unchanged TP of Rp105/share

We maintain our forecast and TP unchanged; while also re-iterate our Buy rating on GOTO with an unchanged SOTP-based TP of Rp105/share. Re-rating catalysts: 1) consolidation or M&A in on-demand services (ODS), and 2) share buyback. Downside risks are incremental selling from strategic shareholders (i.e. Alibaba/Softbank).

Financial Summary (Rp bn)	2021A*	2022A	2023F	2024F	2025F
Gross revenue	15,184	22,927	24,245	27,246	31,675
Net revenue	4,536	11,349	14,663	18,469	23,280
Contribution margin	(8,171)	(8,218)	na	na	na
Adj. EBITDA	(19,968)	(27,417)	(4,239)	721	5,063
Net profit	(21,391)	(39,571)	(10,832)	(4,937)	(458)
ROE	-27%	-32%	-9%	-4%	0%
EV/S - net revenue (x)	15.4	6.2	4.8	3.8	3.0
P/S - net revenue (x)	18.3	7.3	5.7	4.5	3.6

Source: Company, Indo Premier
*2021A is non-pro-forma basis

Share price closing as of: 19 March 2024

Fig. 1: 4Q23 result summary

GOTO IJ Rp tr	4Q22	1Q23	2Q23	3Q23	4Q23	qoq %	yoy %	FY23 vs. Cons	FY23 vs. IPS	FY23 Cons	FY23 IPS
Gross transaction value (GTV)											
On-demand services (ODS)	17.0	13.7	13.2	13.4	14.0	4%	-18%				
E-commerce	70.7	62.8	58.7	62.0	65.3	5%	-8%				
Financial technology	98.5	91.5	90.5	94.5	103.2	9%	5%				
Overall GTV	161.0	148.5	143.7	151.1	163.0	8%	1%	606.4	95%	101%	636.7 601.1
Financial statement											
Gross Revenue	6.3	6.0	5.8	6.0	6.5	8%	3%	24.3	97%	100%	25.0 24.2
Promotion to customers	(2.9)	(2.6)	(2.3)	(2.3)	(2.2)						
Net Revenue	3.4	3.3	3.6	3.6	4.3	18%	26%	14.8	97%	101%	15.3 14.7
Cost of revenues	(1.6)	(1.4)	(1.2)	(1.2)	(1.3)						
S&M marketing expenses	(2.4)	(1.3)	(1.3)	(1.3)	(1.3)						
Contribution Margin	(0.6)	0.6	1.0	1.1	1.6	42%					
Non-variable expenses	(6.4)	(4.0)	(2.4)	(3.2)	(2.5)						
Others	(12.0)	(0.2)	(1.3)	0.2	(79.3)						
Group EBITDA	(19.0)	(3.5)	(2.7)	(1.8)	(80.2)						
Adjustments	15.9	1.9	1.5	0.9	80.3						
Adjusted EBITDA	(3.1)	(1.6)	(1.2)	(0.9)	0.1	na		(3.7)	85%		(4.3)

Source: Bloomberg, Company data, Indo Premier

Fig. 2: Adjusted EBITDA breakdown

Adjusted EBITDA breakdown (Rp bn)					
On-demand services (ODS)		(699)	(246)	(164)	(48) 239
E-commerce		(1,221)	(523)	(229)	(222) 223
Financial technology		(744)	(516)	(508)	(388) (168)
Logistics		(260)	(156)	(94)	(113) (114)
Corporate costs & others		(213)	(156)	(213)	(171) (103)
Total		(3,137)	(1,597)	(1,208)	(942) 77

Source: Bloomberg, Company data, Indo Premier

Fig. 3: Segmental breakdown

GOTO per segment	4Q22	1Q23	2Q23	3Q23	4Q23	bps +/- (qoq)	bps +/- (yoy)
On-Demand Services							
Gross take rate (%)	21.9%	21.7%	21.8%	22.5%	23.1%	66	12
Promotion as % GTV	-10.4%	-11.4%	-10.5%	-11.7%	-11.5%	18	-11
Net take rate (%)	11.5%	10.3%	11.2%	10.8%	11.6%	84	1
E-Commerce							
Gross take rate (%)	3.4%	3.6%	3.8%	3.6%	3.7%	6	3
Promotion as % GTV	-1.6%	-1.4%	-1.3%	-1.1%	-0.7%	34	9
Net take rate (%)	1.8%	2.2%	2.5%	2.5%	2.9%	40	11
Financial Services							
Gross take rate (%)	0.5%	0.5%	0.4%	0.5%	0.6%	11	1
Promotion as % GTV	0.0%	0.0%	0.0%	0.0%	0.0%	4	0
Net take rate (%)	0.5%	0.4%	0.4%	0.4%	0.6%	15	1

Source: Company data, Indo Premier

Key takeaways from 4Q23 earnings call:

- Going forward, GOTO aims to allocate targeted incentive to attract new-user base and viewed that on-demand services (ODS) market in Indonesia as underpenetrated, hence would continue to kept innovating to serve the mass-market segments.
- On Series-B shareholders lock-up expiry on 30-March, management mentioned that there are currently no plan from existing MVS holders to transfer their stake to other MVS holders and all of the Series-B shares are still script form, meaning that it needs to be turned into scriptless form first, to enable a transfer/sale.
- GOTO pointed out that 1Q24F result would be softer vs. previous quarter due to seasonality and festive-season in Mar-24 (i.e. fasting), which affected ODS' operation.
- On the concern over Minister's comment on Tiktok Shop breaching the social-commerce regulation, GOTO ensured that the existing back-end integration process is already in compliant with the regulation and is expected to be completed soon.
- The plan to do a share buyback is already approved by GOTO's board members and is awaiting for shareholder approval during the next annual general meeting of shareholders (AGMS).
- GOTO guided share-based compensation (SBC) in FY24F to be around half the value of FY23 expenses (Rp3.2tr).
- On the fintech side, GOTO is innovating on BNPL with Tokopedia/Tiktok Shop and BFI Finance (BFIN) to provide vehicle-financing to drivers, albeit the latter has remained a pilot project for now. GOTO is aiming to obtain higher market-share in the fintech business through new innovation and new product offerings.
- As of Dec 31st, excluding the escrow funds from Tokopedia merchant transactions, GOTO held around US\$1.5bn or Rp23tr cash and cash equivalents in their balance-sheet.
- Outstanding loan from GOTO's lending business stood at Rp1.9tr (+32% qoq) with NPL more than 90 days at around 1.3% of total loan book. Over 70% of GOTO's loan book is channeled by Bank Jago (ARTO) in 4Q23 (up from 60% in 3Q23).
- GOTO also mentioned that take-rate improvement in ODS is already limited, as it is already in-parallel with global ride-hailing/food-delivery peers.

Fig. 4: GoTo sum of the parts (SOTP) valuation

Segment	Basis	Value (Rp tr)	Per Share (Rp/Share)	% SOTP
On-Demand Services + Logistics	FY24F EV/Sales	46.2	38	37%
Combined entity (Tiktok & Tokopedia)	EV/GMV multiples + DCF	31.6	26	25%
Financial Services	FY24F EV/Sales	15.1	13	12%
Core Enterprise Value		92.9	77	
(+) Bank Jago (21.4% stake)	Indo Premier TP	10.4	9	8%
Total Enterprise Value		103.2	86	
(+) Net Cash (Debt), As of End FY23F		22.4	19	18%
(-) Minority Interest As of End FY23F		0.1	0	0%
Equity Value		125.6	105	
Target Price (Rp/share)	105			

Source: Bloomberg, Company, Indo Premier

Fig. 5: Regional peers EV/GMV and EV/Sales

Ticker	Company	Rating	Target price (Rp/share)	P/S			EV/Sales			EV/EBITDA		
				23F	24F	25F	23F	24F	25F	23F	24F	25F
GOTO IJ	GoTo Gojek Tokopedia	Buy	100	5.7	4.5	3.6	4.8	3.8	3.0	N/A	N/A	15.7
SE US	Sea Ltd	N/A	N/A	2.5	2.2	2.0	2.4	2.1	1.9	29.2	27.1	15.7
GRAB US	Grab Holdings Ltd	N/A	N/A	5.2	4.5	3.8	3.6	3.1	2.6	N/A	44.2	17.1

Source: Bloomberg, Company, Indo Premier

Share price closing as of: 19 Mar 2024

Income Statement (Rp bn)	2021A*	2022A	2023F	2024F	2025F
Gross revenue		22,927	24,245	27,246	31,675
Promotions		(11,578)	(9,582)	(8,777)	(8,396)
Net revenue		11,349	14,663	18,468	23,280
Operating expenses		(41,679)	(25,306)	(23,994)	(24,094)
Adjusted EBITDA		(27,417)	(4,239)	721	5,063
Net interest		385	341	536	573
Others		(10,600)	(1,296)	(296)	(250)
Pre-tax income		(37,632)	(5,193)	961	5,386
Income tax		136	661	301	28
Minority interest		837	104	48	4
Net income		(39,571)	(10,832)	(4,937)	(458)

Balance Sheet (Rp bn)	2021A*	2022A	2023F	2024F	2025F
Cash & equivalent	31,151	29,009	24,056	24,633	28,988
Receivable	2,937	2,461	3,525	3,821	4,195
Inventory	34	71	74	74	74
Other current assets	1,941	2,639	2,282	2,282	2,282
Total current assets	36,064	34,180	29,937	30,810	35,539
Fixed assets	1,470	1,457	1,362	1,263	1,352
Other non-current assets	117,603	103,579	99,555	97,354	95,145
Total non-current assets	119,073	105,036	100,917	98,616	96,497
Total assets	155,137	139,217	130,854	129,426	132,036
ST loans	1,410	413	200	200	0
Payable	867	1,232	1,345	1,345	1,345
Other payables	10,017	10,517	10,180	10,077	10,077
Total current liab.	12,294	12,162	11,725	11,622	11,422
Long term loans	22	1,102	1,196	1,196	1,196
Other LT liab.	3,797	3,229	3,290	3,290	3,290
Total liabilities	16,113	16,493	16,212	16,109	15,909
Equity	219,446	243,402	246,152	249,764	253,032
Retained earnings	(79,129)	(118,481)	(129,312)	(134,249)	(134,707)
Minority interest	(1,292)	(2,198)	(2,198)	(2,198)	(2,198)
Total SHE + minority int.	139,024	122,723	114,642	113,317	116,127
Total liabilities & equity	155,137	139,217	130,854	129,426	132,036

Source: Company, Indo Premier

*2021A is non-pro-forma basis

Cash Flow Statement (Rp bn)	2021A*	2022A	2023F	2024F	2025F
Pre-tax income (netted off SBC)	(22,211)	(40,545)	(7,846)	(1,674)	2,778
Depr. & amortization	2,417	2,913	2,653	2,635	2,609
Changes in working capital	5,210	802	(317)	(399)	(374)
Others	3,731	401	83	349	32
Cash flow from operating	(10,854)	(36,429)	(5,428)	911	5,045
Capital expenditure	(18,798)	196	1,297	(334)	(490)
Others	(93,352)	10,761	417	0	0
Cash flow from investing	(112,150)	10,957	1,713	(334)	(490)
Loans	(781)	60	(239)	0	(200)
Equity	139,616	23,270	(1,000)	0	0
Dividends	0	0	0	0	0
Others	0	0	0	0	0
Cash flow from financing	138,835	23,330	(1,239)	0	(200)
Changes in cash	15,832	(2,142)	(4,953)	576	4,355

Key Ratios	2021A*	2022A	2023F	2024F	2025F
Gross margin		49.5%	60.5%	67.8%	73.5%
Operating margin		-120%	-17%	3%	16%
Pre-tax margin		-164%	-21%	4%	17%
Net margin		-173%	-45%	-18%	-1%
ROA		-28%	-8%	-4%	0%
ROE		-32%	-9%	-4%	0%
Acct. receivables TO (days)	31.0	18.0	28.0	28.0	28.0
Inventory TO (days)	3.7	3.5	3.5	3.5	3.5
Payable TO (days)	71.9	69.0	69.0	69.0	69.0
Debt to equity	1.0%	1.2%	1.2%	1.2%	1.0%
Interest coverage ratio (x)	N/A	N/A	N/A	N/A	N/A
Net gearing	-21.4%	-22.4%	-19.8%	-20.5%	-23.9%

Source: Company, Indo Premier
*2021A is non-pro-forma basis

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

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