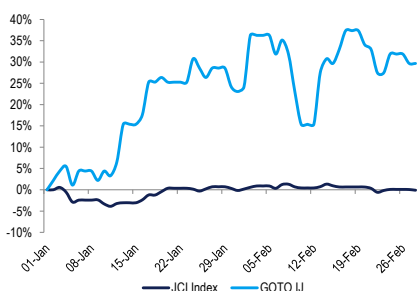


Stock Data

Target price	Rp138
Prior TP	Rp360
Current price	Rp118
Upside/downside	+16.9%
Shares outstanding (mn)	1,184,364
Market cap (Rp bn)	139,755
Free float	60%
Avg. 6m daily T/O (Rp bn)	353

Price Performance

	3M	6M	12M
Absolute	-31.8%	-63.1%	NA
Relative to JCI	-29.3%	-59.1%	NA
52w low/high (Rp)	82 – 404		



Major Shareholders

Taobao China Holding Ltd	8.84%
SVF GT Subco (Singapore) Pte Ltd	8.71%
Goto Peopleverse Fund	7.06%

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Positive progresses though execution risk remains; downgrade our TP

- Faster path to profitability i.e. CM guidance is being moved to 1Q23 (from 1Q24) and adj EBITDA breakeven to 4Q23 (from 1H25).
- This is doable, in our view, as we expect take rate to increase by c.55bp and overall costs to drop by c.10% yoy. Burn will drop by c.60% yoy.
- Change in management is also a good progress although beyond this point we think execution will matter more. Maintain Buy with lower TP.

Big guidance revision: faster path to profitability

Recently GOTO revised its path to profitability guidance for CM and EBITDA breakeven to 1Q23 and 4Q23 from 1Q24 and 1H25, or 4 and 5-6 quarters earlier. This shall be driven by: 1) increase in take rate (mainly driven by Tokopedia) – through increase in commission and more value added services i.e. advertising and new initiatives such as GoCorp, GoCar Luxe, etc. and 2) further costs cutting. However these shall adversely impact GTV, in our view.

Major adjustment to our numbers

Post guidance revision, we made some adjustment to our numbers especially on: 1) higher gross take rate; we revise our take rate to 4.3% (+55bp yoy) from 4.2% previously largely coming from higher take rate in e-commerce i.e. commission has been increased by 50-150bp YTD and further value added services will be rolled out in the coming months. We also expect take rate for GTF to increase by c.20bp largely coming from BNPL roll-out. 2) Lower costs, we expect overall promotion to drop by 10-11% yoy while GnA to drop by 8% - this shall adversely impact GTV which we expect to grow by 12% yoy in 2023 vs. 40% yoy in 2022. As such we expect cash burn (adj EBITDA level) to be at -Rp5.3tr vs. -Rp14.9tr in 2022 or -64% yoy. We expect GOTO to book +Rp3/12.3tr adj EBITDA in 2024/2025 - valuation looks attractive at FY25F EV/EBITDA basis at 8.3x. This also means that it will not need to raise cash in the future (not accounting any investment divestment).

Post lock-up share price has de-rated meaningfully, now execution shall be the key for share price performance

GOTO share price dropped 65% since its IPO last year, tracking its closest peers i.e. GRAB's -76% since its IPO. Although YTD, GOTO has made big progresses (other than guidance) especially on the revamp of the BOD/BOC i.e. some of its shareholders now becoming commissioners while adopting a more decentralized approach on BOD (3 presidents in charge of on-demand, GTF and e-commerce), we believe this shall better align the interest between management and minority. However, we think beyond this point, execution on monthly/quarterly basis will be the key for share price performance especially considering GOTO has lagged its peers in terms of execution i.e. BNPL vs. SEA/pivot i.e. costs cutting measures vs. GRAB/SEA.

Downgrade our TP but maintain Buy rating

Despite the share price drop, GOTO now trades at 6.4x EV/S (net sales) vs. GRAB and SEA of 5.2x and 1.6x or 23 and 302% premium. We maintain our Buy rating with lower TP of Rp138 now based on 6x EV/net sales (based on historical average on SEA, Alibaba, Pinduoduo, and PayPal – all at 6x EV/sales) as investors now looking both growth (-ve share price reaction on GRAB results announcement despite faster path to profitability) and profitability. Upcoming inclusion in FTSE and MSCI (potentially May) is the imminent catalyst. Downside risk is slow execution which has plagued GOTO since the IPO.

Fig. 1: Financial Summary

in Rp bn	2020A	2021A*	2022F	2023F	2024F
Gross revenue	8,416	15,184	22,914	29,397	38,057
Net revenue	3,328	4,536	10,213	18,253	27,317
Contribution margin	(1,658)	(8,171)	(6,285)	3,261	11,714
Adj. EBITDA	(8,920)	(19,968)	(14,889)	(5,302)	3,060
Net profit	(14,209)	(21,391)	(23,358)	(12,393)	(3,745)
ROE	-80%	-27%	-17%	-9%	-3%
EV/S - net revenue (x)	38.1	24.3	10.9	6.4	4.2
P/S - net revenue (x)	42.0	30.8	13.7	7.7	5.1

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

Share price closing as of: 28 February 2023

Fig. 2: Key assumption changes summary

Key assumptions	New			Previous			Changes		
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F
GTV	611,955	684,924	824,102	631,000	864,213	1,168,995	-3%	-21%	-30%
ODS	67,320	77,414	100,195	70,992	96,768	126,778	-5%	-20%	-21%
E-commerce	284,629	298,860	343,689	296,488	370,610	444,732	-4%	-19%	-23%
GTF	260,006	308,650	380,218	263,520	396,835	597,485	-1%	-22%	-36%
Gross revenue	22,914	29,397	38,057	24,193	36,289	51,239	-5%	-19%	-26%
ODS	13,329	15,870	21,041	14,198	20,321	27,891	-6%	-22%	-25%
E-commerce	8,077	11,058	13,404	8,413	11,999	16,178	-4%	-8%	-17%
GTF	1,508	2,469	3,612	1,581	3,968	7,170	-5%	-38%	-50%
Take rate	3.7%	4.3%	4.6%	3.8%	4.2%	4.4%	(9)	9	23
ODS	19.8%	20.5%	21.0%	20.0%	21.0%	22.0%	(20)	(50)	(100)
E-commerce	2.8%	3.7%	3.9%	2.8%	3.2%	3.6%	0	46	26
GTF	0.6%	0.8%	1.0%	0.6%	1.0%	1.2%	(2)	(20)	(25)
Promotion to customers	(12,701)	(11,144)	(10,740)	(15,082)	(19,434)	(23,793)	-16%	-43%	-55%
Net revenue	10,213	18,253	27,317	9,110	16,855	27,445	12%	8%	0%
Cost of revenue	(4,812)	(4,410)	(4,947)	(5,080)	(6,532)	(9,223)	-5%	-32%	-46%
Gross Profit	5,401	13,844	22,370	4,030	10,323	18,222	34%	34%	23%
S&M expenses	(11,686)	(10,583)	(10,656)	(12,096)	(12,701)	(13,834)	-3%	-17%	-23%
Contribution margin	(6,285)	3,261	11,714	(8,067)	(2,378)	4,388	-22%	-237%	167%
G&A expenses	(17,248)	(15,868)	(15,902)	(18,053)	(20,079)	(23,717)	-4%	-21%	-33%
Adj. EBITDA	(14,889)	(5,302)	3,060	(17,476)	(15,131)	(11,954)	-15%	-65%	-126%

Source: Indo Premier

Fig. 3: GOTO's new leadership structure

Board of Commissioner		
Name	Position	Note
Gariabldi Thohir	President Commissioner	
William Tanuw ijaya	Commissioner	
Wishnutama Kusubandio	Commissioner	
Agus D. W. Martow ardojo*	Commissioner	ex-President Commissioner of Tokopedia
Patrick Sugito Walujo*	Commissioner	Managing Partner at Northstar Group
Winato Kartono*	Commissioner	Founding Partner at Provident
Dirk Van den Berghe	Independent Commissioner	
Robert Holmes Sw an	Independent Commissioner	
Marjorie Lao*	Independent Commissioner	ex-CFO at LEGO Group

Board of Directors		
Name	Position	Note
Andre Soelistyo	President Director	
Wei-Jye Jacky Lo	Director	
Catherine Hindra Sutjahyo	Director	
Hans Patuw o	Director	
Melissa Siska Juminto	Director	
Nila Martia*	Director	w ill oversee Corporate Development, Partnerships and Legal
Pablo Malay*	Director	w ill oversee Corporate Affairs, Public Policy and Government Relations

Source: Company, Indo Premier

*New board members

Fig. 4: Peers' comparison table

	Market Cap US\$ Mn	EV/Sales (x)			P/Sales (x)		
		2022F	2023F	2024F	2022F	2023F	2024F
Southeast Asia Tech							
GoTo	9,152	10.9	6.4	4.2	13.7	7.7	5.1
Sea Ltd.	33,710	1.8	1.6	1.4	2.8	2.5	2.1
Grab	11,904	7.9	5.2	4.1	8.3	5.5	4.3
Bukalapak	1,768	1.3	0.9	0.3	7.4	5.4	4.0
E-commerce							
Alibaba Group	235,631	1.4	1.2	1.1	1.9	1.7	1.5
Pinduoduo	105,854	4.8	3.8	3.2	5.7	4.5	3.8
Jumia	332	0.3	0.3	0.2	1.5	1.4	1.2
On-Demand Services							
Meituan Dianping	107,506	3.2	2.5	2.0	3.4	2.7	2.2
Delivery Hero	10,600	1.4	1.1	0.9	1.1	0.9	0.7
Deliveroo	1,808	0.2	0.2	0.2	0.7	0.7	0.6
DoorDash	21,387	2.7	2.2	1.9	3.2	2.7	2.3
Uber Technologies	67,131	2.4	2.0	1.7	2.1	1.8	1.5
Lyft	3,776	0.7	0.7	0.6	0.9	0.8	0.7
Fintech - Payment							
PayPal	83,213	3.0	2.8	2.6	3.0	2.8	2.6
Square	46,573	2.6	2.3	2.0	2.6	2.3	2.0
Fintech - BNPL							
Affirm	3,843	3.8	3.3	2.7	2.8	2.5	2.0
Zip	263	4.5	4.2	3.7	0.6	0.6	0.5
Sezzle	73	0.5	0.5	0.4	0.6	0.5	0.4
Humm	170	7.5	6.9	6.5	0.5	0.5	0.5

Source: Bloomberg, Indo Premier

Share price closing as of: 27 February 2023

Income Statement (Rp bn)	2020A	2021A*	2022F	2023F	2024F
Net revenue	3,328	4,536	10,213	18,253	27,317
Cost of sales	(2,439)	(3,776)	(4,812)	(4,410)	(4,947)
Gross profit	889	760	5,401	13,844	22,370
SG&A Expenses	(11,056)	(23,145)	(28,934)	(26,451)	(26,558)
Operating profit	(10,167)	(22,385)	(23,533)	(12,607)	(4,188)
Net interest	26	60	180	214	442
Others	(6,647)	114	(5)	0	0
Pre-tax income	(16,789)	(22,211)	(23,358)	(12,393)	(3,745)
Income tax	53	(218)	0	0	0
Minority interest	2,527	1,038	0	0	0
Net income	(14,209)	(21,391)	(23,358)	(12,393)	(3,745)

Balance Sheet (Rp bn)	2020A	2021A*	2022F	2023F	2024F
Cash & equivalent	15,319	31,151	28,782	22,117	24,893
Receivable	275	507	816	966	1,147
Inventory	42	34	30	15	11
Other current assets	3,890	4,371	3,495	3,569	3,834
Total current assets	19,526	36,064	33,122	26,668	29,885
Fixed assets	827	1,470	1,380	1,350	1,378
Other non-current assets	9,756	117,603	118,555	118,246	118,479
Total non-current assets	10,583	119,073	119,935	119,596	119,857
Total assets	30,109	155,137	153,058	146,264	149,743
ST loans	738	1,452	41	0	0
Payable	640	867	1,017	966	1,030
Other payables	4,386	9,974	12,470	13,826	16,505
Total current liab.	5,764	12,294	13,528	14,792	17,535
Long term loans	1,583	22	0	0	0
Other LT liab.	1,963	3,797	2,191	1,860	1,676
Total liabilities	9,309	16,113	15,719	16,653	19,212
Equity	77,856	219,446	241,118	245,784	250,449
Retained earnings	(57,740)	(79,129)	(102,487)	(114,881)	(118,626)
Minority interest	683	(1,292)	(1,292)	(1,292)	(1,292)
Total SHE + minority int.	20,799	139,024	137,339	129,611	130,531
Total liabilities & equity	30,109	155,137	153,058	146,264	149,743

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

Cash Flow Statement (Rp bn)	2020A	2021A*	2022F	2023F	2024F
EBIT	(10,167)	(22,385)	(23,533)	(12,607)	(4,188)
Depr. & amortization	1,247	2,417	2,812	2,639	2,582
Changes in working capital	582	3	(155)	(186)	(113)
Others	977	5,273	1,871	1,410	2,898
Cash flow from operating	(7,361)	(14,691)	(19,005)	(8,744)	1,179
Capital expenditure	(1,655)	(1,332)	(1,948)	(2,352)	(2,854)
Others	(3,651)	(89,918)	(1,502)	0	0
Cash flow from investing	(5,305)	(91,251)	(3,450)	(2,352)	(2,854)
Loans	1,269	(846)	(1,433)	(41)	0
Equity	17,649	141,590	21,672	4,666	4,666
Dividends	0	0	0	0	0
Others	4,869	(19,214)	(153)	(193)	(215)
Cash flow from financing	23,787	121,531	20,086	4,431	4,451
Changes in cash	11,121	15,588	(2,369)	(6,664)	2,776

Key Ratios	2020A	2021A*	2022F	2023F	2024F
Gross margin	26.7%	16.8%	52.9%	75.8%	81.9%
Operating margin	-306%	-494%	-230%	-69%	-15%
Pre-tax margin	-504%	-490%	-229%	-68%	-14%
Net margin	-427%	-472%	-229%	-68%	-14%
ROA	-55%	-23%	-15%	-8%	-3%
ROE	-80%	-27%	-17%	-9%	-3%
Acct. receivables TO (days)	14.6	38.9	13.0	12.0	11.0
Inventory TO (days)	42.8	98.4	2.2	1.2	0.8
Payable TO (days)	18.4	32.5	12.0	12.5	13.0
Debt to equity	11.2%	1.1%	0.0%	0.0%	0.0%
Interest coverage ratio (x)	NA	NA	NA	NA	NA
Net gearing	-62.5%	-21.3%	-20.9%	-17.1%	-19.1%

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

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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