

GoTo Gojek Tokopedia

BUY (unchanged)

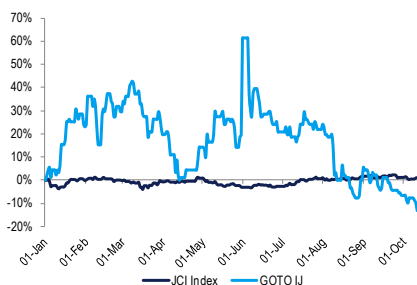
Company Update | Consumer Discretionary | GOTO IJ | 11 October 2023

Stock Data

Target price	Rp125
Prior TP	Rp125
Current price	Rp79
Upside/downside	+58.22%
Shares outstanding (mn)	1,184,364
Market cap (Rp bn)	93,565
Free float	66%
Avg. 6m daily T/O (Rp bn)	235

Price Performance

	3M	6M	12M
Absolute	-25.5%	-20.2%	-65.4%
Relative to JCI	-27.5%	-22.0%	-65.2%
52w low/high (Rp)			79-228



Major Shareholders

Taobao China Holding Ltd	8.84%
SVF GT Subco (Singapore) Pte Ltd	7.73%
Goto Peopleverse Fund	5.92%

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3Q preview: improving qoq growth and narrowing loss

- We expect GOTO to book single digit qoq growth on its GTV with stable take-rate. Adj. EBITDA will continue to improve, in-line with guidance.
- Despite ban on TTS, we don't expect a meaningful positive impact on Tokopedia. We are hopeful on the ramp-up on the lending in 4Q.
- With the stock price reached all-time low, we believe that most of the risks have been priced-in although it still lacking tangible catalysts.

Ban on Tiktok shop

Recently the Ministry of Trade ban Tiktok shop (TTS) to operate in Indonesia under MoT regulation no.31 2023. The regulation stipulates few key points: 1) social commerce are not allowed to facilitate transactions, 2) imported goods need minimum FOB price of US\$100 and subject to domestic regulation i.e. BPOM and/or SNI, and 3) only whitelisted products are allowed to be imported by e-commerce – the latter 2 shall impact Shopee and Lazada more as 11-13% of overall e-commerce goods are imported. Our channel check on TTS suggests that: 1) it blocked seller/shop's video and hence user needs to search for the seller profile, 2) no checkout link during live show and 3) traffic drop at around 80-85% for similar seller that we surveyed. Our channel check suggests that Tiktok shop is expected to be back online before year-end.

Minimal impact on Tokopedia

Separately our channel check suggests that impact to Tokopedia has been muted as: 1) Tiktok products are more similar to Shopee i.e. 60-70% fashion and beauty related and 2) Tokopedia is not focusing on social commerce/live shopping. At the same time, we also heard that Shopee is more aggressive on the live shopping instead of e-commerce. Tokopedia has cut the platform fee from Rp2k to Rp1k (marginally impacting take-rate) and allowing stacking the promotion i.e. cashback plus free delivery to capitalize the momentum.

3Q preview: expect qoq growth in GTV and narrower qoq loss

We expect GOTO to be able to grow its overall GTV by single digit qoq (3-6%) while at the same time maintaining overall take-rate. Cost efficiency is still on-going but more on the G&A instead of selling expense, in our view. As such, we expect overall adj. EBITDA loss to narrow to around Rp800-900bn in 3Q vs. Rp1.2/1.6tr in 2Q/1Q. Which shall bring overall 9M adj. EBITDA loss to Rp3.4-3.5tr, in-line with our/company estimate of Rp3.8-4.5tr FY23 loss.

Maintain Buy as share price has reflected most of the risks

GOTO is now trading at 3.6x FY24 EV/sales, on-par with GRAB but GRAB has been faster in achieving profitability; hence better share price performance. We maintain our Buy rating with GOTO amid share price weakness although the stock is currently lacking catalyst especially with higher rate environment.

Financial Summary (Rp bn)	2021A*	2022A	2023F	2024F	2025F
Gross revenue	15,184	22,927	24,726	28,835	35,034
Net revenue	4,536	11,349	14,809	20,134	26,275
Contribution margin	(8,171)	(8,218)	2,199	8,312	13,313
Adj. EBITDA	(19,968)	(27,417)	(4,262)	720	4,828
Net profit	(21,391)	(39,571)	(11,307)	(3,803)	1,325
ROE	-27%	-30%	-9%	-3%	1%
EV/S - net revenue (x)	14.1	5.8	4.8	3.6	2.6
P/S - net revenue (x)	20.6	8.2	6.3	4.6	3.6

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

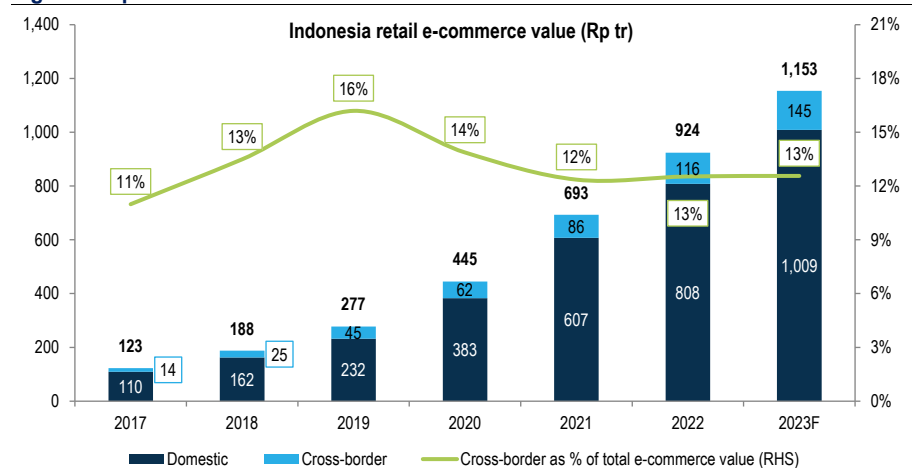
Share price closing as of: 11 October 2023

Fig. 1: GOTO 3Q23 earnings preview

GOTO 3Q23 preview (Rp tr)	1Q23	2Q23	3Q23E	%QoQ	9M22	9M23E	%YoY	IPS FY23F	% of IPS	Cons FY23F	% of Cons
GTV	148.5	143.7	149.5	4%	451.5	441.8	-2%	631.9	70%		
Gross revenue	6.0	5.8	6.1	4%	16.6	17.9	7%	24.7	72%		
Take rate	4.0%	4.1%	4.1%	(1)	3.7%	4.0%	36	3.9%			
Promotion to customers	(2.6)	(2.3)	(2.4)	5%	(8.7)	(7.3)	-15%				
Net revenue	3.3	3.6	3.7	3%	8.0	10.5	32%	14.8	71%	15.7	67%
Total cost of revenue	(1.4)	(1.2)	(1.2)	0%	(3.9)	(3.8)	-2%				
S&M expenses	(1.3)	(1.3)	(1.3)	0%	(9.7)	(3.8)	-61%				
Others	(0.1)	(0.0)	(0.0)	0%	(0.2)	(0.1)	-25%				
Contribution margin	0.6	1.0	1.1	10%	(5.7)	2.8	-149%	2.2	129%		
<i>as % of GTV</i>	<i>0.4%</i>	<i>0.7%</i>	<i>0.8%</i>	<i>4</i>	<i>-1.3%</i>	<i>0.6%</i>	<i>191</i>				
Non-variable expenses & othe	(2.2)	(2.3)	(2.0)	-11%	(6.9)	(6.5)	-6%				
Adj. EBITDA	(1.6)	(1.2)	(0.9)	-30%	(12.7)	(3.7)	-71%	(4.3)	86%	(7.7)	111%
<i>as % of GTV</i>	<i>-1.1%</i>	<i>-0.8%</i>	<i>-0.6%</i>	<i>27</i>	<i>-2.8%</i>	<i>-0.8%</i>	<i>198</i>				

Source: Company, Indo Premier

Fig. 2: Proportion of domestic and cross-border items in Indonesia retail e-commerce



Source: Euromonitor, Indo Premier

Fig. 3: Peers comparison table

	P/S			EV/S			EV/EBITDA		
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
SE	1.9	1.7	1.5	1.9	1.7	1.5	16.6	13.7	10.2
GRAB	5.9	4.8	3.9	4.3	3.5	2.8	NA	54.9	19.7
GOTO	6.3	4.6	3.6	4.8	3.6	2.6	NA	99.8	13.9

Source: Bloomberg, Company, Indo Premier

Share price closing as of: 11 October 2023

Income Statement (Rp bn)	2021A*	2022A	2023F	2024F	2025F
Net revenue	4,536	11,349	14,809	20,134	26,275
Cost of sales	(3,776)	(5,480)	(3,709)	(3,748)	(4,204)
Gross profit	760	5,869	11,100	16,385	22,071
SG&A Expenses	(23,145)	(36,199)	(22,621)	(20,637)	(21,189)
Operating profit	(22,385)	(30,330)	(11,521)	(4,251)	882
Net interest	60	385	213	448	443
Others	114	(10,600)	0	0	0
Pre-tax income	(22,211)	(40,545)	(11,307)	(3,803)	1,325
Income tax	(218)	136	0	0	0
Minority interest	1,038	837	0	0	0
Net income	(21,391)	(39,571)	(11,307)	(3,803)	1,325

Balance Sheet (Rp bn)	2021A*	2022A	2023F	2024F	2025F
Cash & equivalent	31,151	29,009	21,862	21,716	26,282
Receivable	507	627	813	869	960
Inventory	34	71	13	8	7
Other current assets	4,371	4,473	3,890	3,982	4,190
Total current assets	36,064	34,180	26,577	26,575	31,439
Fixed assets	1,470	1,457	1,381	1,342	1,343
Other non-current assets	117,603	103,579	102,774	102,473	102,471
Total non-current assets	119,073	105,036	104,155	103,815	103,814
Total assets	155,137	139,217	130,732	130,390	135,253
ST loans	1,452	0	0	0	0
Payable	867	1,232	813	781	880
Other payables	9,974	10,930	12,078	13,334	15,539
Total current liab.	12,294	12,162	12,891	14,115	16,419
Long term loans	22	1,102	0	0	0
Other LT liab.	3,797	3,229	1,760	1,497	1,231
Total liabilities	16,113	16,493	14,651	15,612	17,650
Equity	219,446	243,402	248,067	250,567	252,067
Retained earnings	(79,129)	(118,481)	(129,788)	(133,591)	(132,266)
Minority interest	(1,292)	(2,198)	(2,198)	(2,198)	(2,198)
Total SHE + minority int.	139,024	122,723	116,082	114,778	117,603
Total liabilities & equity	155,137	139,217	130,732	130,390	135,253

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

Cash Flow Statement (Rp bn)	2021A*	2022A	2023F	2024F	2025F
EBIT	(22,385)	(30,330)	(11,521)	(4,251)	882
Depr. & amortization	2,417	2,913	2,593	2,471	2,446
Changes in working capital	3	208	(546)	(84)	10
Others	5,273	10,003	1,357	1,596	2,395
Cash flow from operating	(14,691)	(17,206)	(8,117)	(269)	5,733
Capital expenditure	(1,332)	(715)	(1,978)	(2,163)	(2,452)
Others	(89,918)	1,849	0	0	0
Cash flow from investing	(91,251)	1,134	(1,978)	(2,163)	(2,452)
Loans	(846)	63	(1,537)	0	0
Equity	141,590	23,956	4,666	2,500	1,500
Dividends	0	0	0	0	0
Others	(19,214)	(10,644)	(181)	(215)	(215)
Cash flow from financing	121,531	13,374	2,948	2,285	1,285
Changes in cash	15,588	(2,698)	(7,147)	(147)	4,566

Key Ratios	2021A*	2022A	2023F	2024F	2025F
Gross margin	16.8%	51.7%	75.0%	81.4%	84.0%
Operating margin	-494%	-267%	-78%	-21%	3%
Pre-tax margin	-490%	-357%	-76%	-19%	5%
Net margin	-472%	-349%	-76%	-19%	5%
ROA	-23%	-27%	-8%	-3%	1%
ROE	-27%	-30%	-9%	-3%	1%
Acct. receivables TO (days)	38.9	40.4	12.0	11.0	10.0
Inventory TO (days)	98.4	103.6	1.2	0.8	0.6
Payable TO (days)	32.5	36.9	12.5	13.0	14.0
Debt to equity	1.1%	1.3%	0.0%	0.0%	0.0%
Interest coverage ratio (x)	NA	NA	NA	NA	NA
Net gearing	-21.3%	-22.4%	-18.8%	-18.9%	-22.3%

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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