

GoTo Gojek Tokopedia

BUY (unchanged)

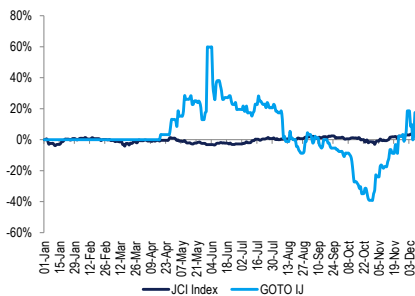
Company Update | Consumer Discretionary | GOTO IJ | 11 December 2023

Stock Data

Target price	Rp125
Prior TP	Rp125
Current price	Rp86
Upside/downside	+45%
Shares outstanding (mn)	1,150,838
Market cap (Rp bn)	103,321
Free float	64%
Avg. 6m daily T/O (Rp bn)	431

Price Performance

	3M	6M	12M
Absolute	-7.5%	-32.3%	-7.5%
Relative to JCI	-9.9%	-38.2%	-13.1%
52w low/high (Rp)			56-147



Major Shareholders

Taobao China Holding Ltd	8.72%
SVF GT Subco (Singapore) Pte Ltd	7.62%
Goto Peopleverse Fund	5.63%

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Knee jerk reaction on SOTP valuation but the positives are being overlooked

- TikTok has agreed to take 75% controlling stake in Tokopedia with an implied US\$2bn valuation; GoTo owning the rest of 25% (non-dilutive).
- The deal is negatively perceived by the market as share price were down by c.20% to Rp86/share post-announcement from SOTP standpoint.
- We think market undervalued the value of the new entity and overlook the fact that GOTO will immediately turning profitable. Maintain Buy.

Tiktok to acquire 75% controlling stake in Tokopedia

Tokopedia will issue new shares that will be subscribed and fully paid by Tiktok with an investment value equivalent to US\$840mn with GoTo owning the rest of 25% stake and is non-dilutive – this is imperative as it enables GoTo to capture valuation upside. This would be then followed by the acquisition of Tiktok Shop (TTS) Indonesia with a value of US\$340mn into Toko-TTS new entity, which we deemed is too low, considering that TTS was initially on track to achieve US\$6bn GMV (0.06x EV/GMV) in FY23F prior to the ban, at much lower multiples vs peers (i.e. Kuaishou's 0.13x EV/GMV). The deal is expected to be finalized by 1Q24F, but first collaboration between Tokopedia & TTS is set to start during 12.12 campaign.

Our view: negative perception on ST partly priced-in, +ve on mid-LT

We think markets' negative perception on the deal, reflected on c.20% share price decline was somewhat justified given profit taking action on price rally from bottom (+93%), with market simply putting a lower SOTP valuation on Tokopedia (previously US\$2.5bn in our SOTP to US\$2bn) and lower stake (100% to c.25%), effectively reducing Tokopedia value by ~Rp20-25/share (similar to the magnitude of the decline post-deal) while +ve details such as revenue-sharing scheme that is linked to Toko-TTS top-line (i.e. GMV/revenue) remain undisclosed. However, we think the deal could be positive on the long-term, as 1) GoTo's group Adj. EBITDA shall turn positive immediately as the loss from Tokopedia (c.Rp1.1tr in FY23F) will no longer be consolidated while concurrently 2) GoTo is set to obtain additional revenue-stream from revenue-sharing scheme out of Toko-TTS new entity, in addition to 3) higher valuation of Toko-TTS as we think combined valuation of US\$2bn between TTS/Tokopedia is way too low given the upside potential of these combined entity (#1 market-share combined, Fig. 2).

Maintain Buy rating with an unchanged Rp125/share TP

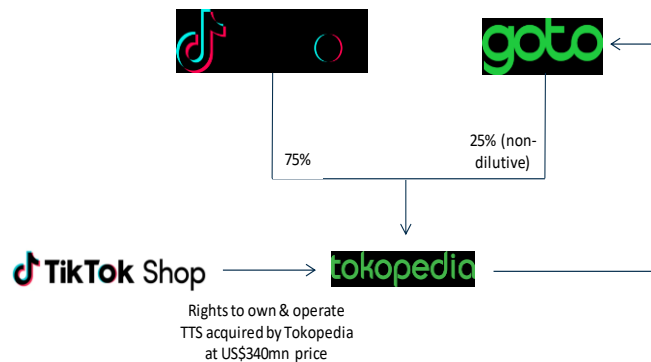
We maintain our Buy rating with an unchanged Rp125/sh target price, implying 7.3x FY24F EV/net-sales, pending more details and completion of the Toko-TTS deal by 1Q24F. Re-rating catalysts include: 1) completion and more clarity on the deal, and 2) continuation of synergies in GoTo ecosystem.

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)	19.6	7.8	6.1	4.8	3.8
P/S - net revenue (x)	22.5	9.0	6.9	5.5	4.4

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

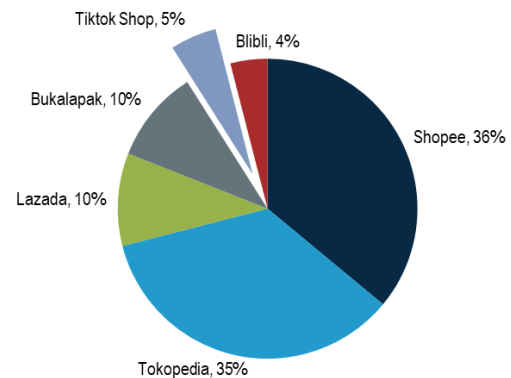
Share price closing as of: 11 December 2023

Fig. 1: Tokopedia-TTS post-transaction structure



Source: Company data, Indo Premier

Fig. 2: E-commerce market share in Indonesia



Source: Momentum Works, Indo Premier estimates

Fig. 3: Peers comparison table

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	125	6.9	5.5	4.4	6.1	4.8	3.8	N/A	110.1	14.8
SE US	Sea Ltd	N/A	N/A	1.8	1.6	1.4	1.5	1.7	1.5	21.0	20.0	16.7
GRAB US	Grab Holdings Ltd	N/A	N/A	5.2	4.3	3.7	3.2	3.6	3.0	N/A	35.7	15.5

Source: Bloomberg, Company, Indo Premier

Share price closing as of: 11 December 2023

Additional key takeaways from Tokopedia-TTS deal:

- Aside from the US\$840mn shares issuance and acquisition of TikTok Shop Indonesia with a value of US\$340mn, Tiktok is also set to issue promissory note to Tokopedia with US\$1bn value, that could be utilized for future working capital needs of the new entity.
- GoTo remains the preferred partner for ecosystem synergies within Tokopedia, and potentially to TikTok Shop (i.e. on delivery and fintech/lending).
- We think the deal is complementary as Tokopedia's users (c.67mn monthly active users) are more mid-affluent vs. TikTok Shop (c.125mn active users) that are more mass-market. The user overlap between Tokopedia and TTS is lower at 68%, vs. c.94% for Shopee and TTS.
- After the completion of the deal, Tokopedia will be de-consolidated from GoTo's financial statement and will be counted as an associate company. In addition, Tokopedia's GMV will no longer be disclosed by GoTo.

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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