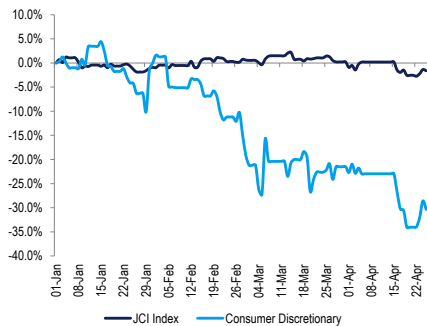


Sector Index Performance

	3M	6M	12M
Absolute	-27.3%	-6.1%	-35.7%
Relative to JCI	-26.3%	-10.8%	-39.2%



Summary Valuation Metrics

EV/Sales (x)	2024F	2025F	2026F
BUKA IJ	N/A	N/A	N/A
GOTO IJ	3.0	2.3	1.9
EV/EBITDA (x)	2024F	2025F	2026F
BUKA IJ	N/A	N/A	N/A
GOTO IJ	71.9	9.8	3.8
Div. Yield	2024F	2025F	2026F
BUKA IJ	N/A	N/A	N/A
GOTO IJ	N/A	N/A	N/A

Unjustified underperformance against ASEAN peers; prefer GOTO over BUKA

- Indonesian tech share price have declined by 28-44% on average YTD, underperforming ASEAN peers: Sea Ltd (+56%) & Grab (+3%)
- Fundamentals remain unchanged with softer 1Q24F mainly due to seasonality already priced-in into shares' underperformance.
- Improvement in fundamentals & profitability and buyback plan is a re-rating catalysts for the sector, prefer GOTO over BUKA.

Sea Ltd share price outperformed ASEAN peers; Grab flattish YTD

Sea Ltd (SE) share price was up by +56% YTD, mainly driven by strong GMV growth of US\$23bn (+15% qoq, +28% yoy) and better than adjusted Adj. EBITDA loss in 4Q23, thanks to SE's focus into live-commerce initiative, and partly due to Tiktok Shop ban in Indonesia, in our view. Additionally, SE management also reiterated on possibility of re-achieving positive Adj. EBITDA by 2H24F. On the other hand, Grab share price was relatively flattish YTD (Fig. 1&2) despite announcing US\$500mn buyback initiative and recording positive Adj. EBITDA positive growth since 3Q23.

Indonesian tech share price declined by 28-44% YTD

Both GOTO and BUKA share price declined by 28% and 44% YTD, respectively, despite limited changes from fundamental standpoint, aside from potential softer 1Q24F due to seasonality. For GOTO, on-demand services (ODS) GTV is likely to be softer in comparison to 4Q23, as we also observed similar trend historically with both GOTO and Grab (Fig. 3&4), especially for food-delivery. As such, we expect GOTO to record negative group Adj. EBITDA in 1Q24F due to seasonality and GoTo Logistics (GTL) still contributing negative Adj. EBITDA – as it would be de-consolidated only after 1Q24F. For BUKA, we expect 1Q24F to be the first quarter with Adj. EBITDA breakeven with buyback plan on the line after turning profitable.

Merchant rate increase will not reduce Toko/TTS aggressiveness

Recently, Tokopedia and Tiktok Shop announced an increase in merchants' commission rate by 130-360bps, effective May 1st, 2024 (Fig. 5&7), which made the commission rate to be on-par with Shopee across product categories (Fig. 6). While this may optically indicate less aggressive stance from Tokopedia/TTS and lower management fee to GOTO, we tend to think otherwise, as: 1) amid live-commerce popularity, merchants' platform is already limited to Shopee or TTS, not raising merchant rate is a missed monetization opportunity, while 2) rising merchant rate also enable Tokopedia/TTS to burn more for consumer's promotion; 3) Indonesia is also set to be Tiktok Shop's biggest ex-China market with US at risk after Biden's bill on Tiktok ban and existing ban in India.

Maintain our sector Neutral rating; prefer GOTO over BUKA

We think key negatives are already priced-in by the sectors' lacklustre YTD performance; BUKA is now trading c.33% below cash level of Rp187/sh and negative EV/Sales while GOTO is trading at 3x FY24F EV/Sales, higher vs. SE but lower than Grab's 3.4x; but we estimate SE's e-commerce (ex-gaming) should be valued at least for 3.5x EV/S, meaning GOTO is trading attractively below peers. Going forward, EV/EBITDA should be used once profitability grows to take into account management fee from Tokopedia/TTS. We prefer GOTO over BUKA, on its clearer buyback pathway as GOTO have announced US\$200mn buyback plan.

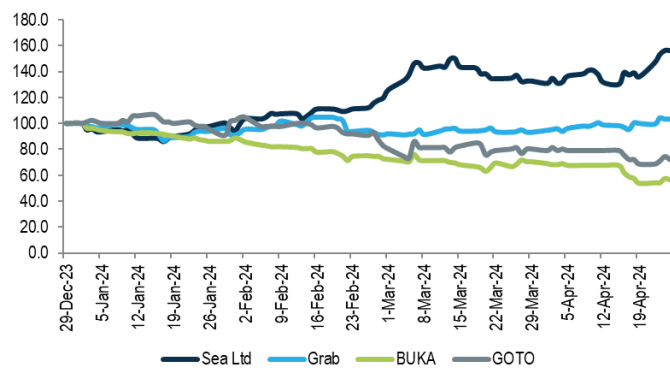
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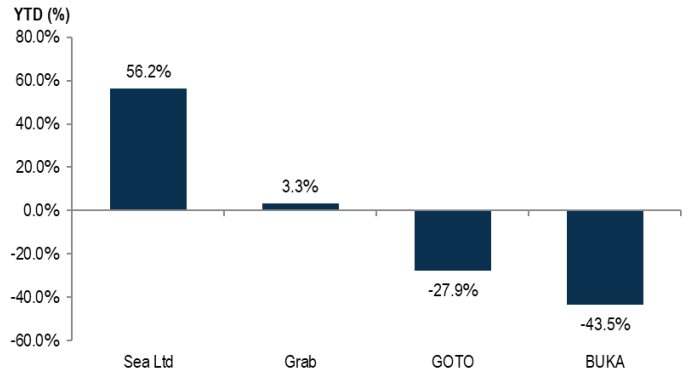
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Fig. 1: ASEAN tech share price performance (%)



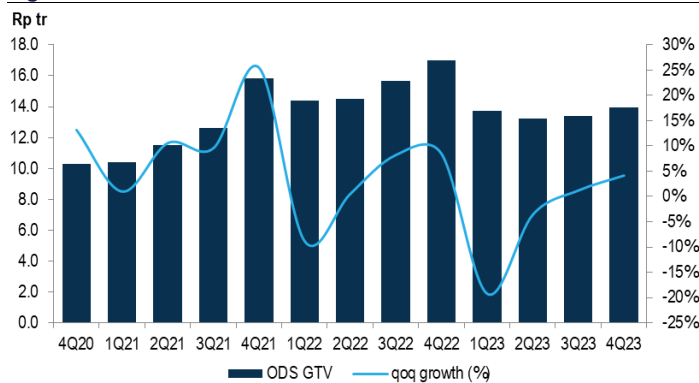
Source: Bloomberg, Indo Premier

Fig. 2: ASEAN tech share price YTD (%)



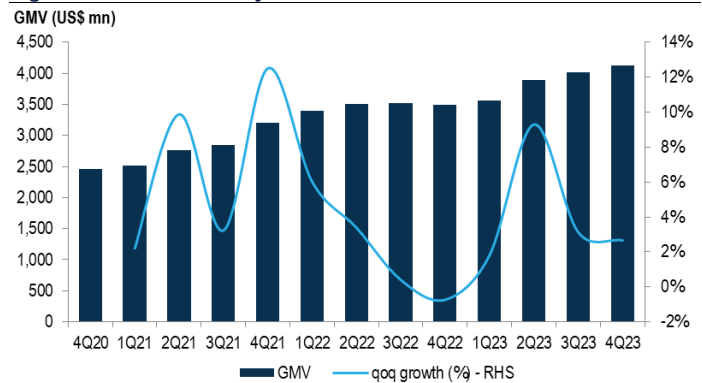
Source: Bloomberg, Indo Premier

Fig. 3: GOTO on-demand services GTV



Source: Bloomberg, Indo Premier

Fig. 4: Grab food delivery GMV



Source: Bloomberg, Indo Premier

Fig. 5: Tokopedia's merchant commission-rate (%) change, effective May 1st, 2024

Tokopedia	Power Merchant					Power Merchant Pro				
	Jun-21	Jan-22	Jun-22	Jan-23	May-24	Jun-21	Jan-22	Jun-22	Jan-23	May-24
Group A	1%	1.25%	3.00%	4.50%	6.50%	na	1.5%	3.00%	4.50%	6.50%
Group B			2.50%	3.80%	5.50%			2.50%	3.80%	5.50%
Group C			1.75%	3.10%	4.00%			1.75%	3.10%	4.00%
Group D			2.50%	1.80%	3.10%			2.50%	1.80%	3.10%
Group E			1.50%	2.00%	2.00%			1.50%	2.00%	2.00%

Source: Company data, Indo Premier

Fig. 6: Shopee's merchant commission rate

Shopee (Commission rate)	Non-Star				Star				Star +			
	Jun-21	Feb-22	Jan-23	Dec-23	Jun-21	Feb-22	Jan-23	Dec-23	Jun-21	Feb-22	Jan-23	Dec-23
Category A	1.60%	2.50%	4.00%	6.00%	2.00%	3.20%	4.70%	6.50%	2.00%	3.20%	4.70%	6.50%
Category B & C	0.75%	1.70%	3.20%	5.00%	1.25%	2.50%	4.00%	5.50%	1.25%	2.50%	4.00%	5.50%
Category D & E		1.25%	2.80%	3.50%		1.75%	3.30%	4.00%		1.75%	3.30%	4.00%

Source: Company data, Indo Premier

Fig. 7: Tiktok Shop commission rate is now on par with Shopee

Category	Pre-May 2024	May-24
Fashion	4.3%	6.5%
Jewelry	1.9%	4.0%
Bag	4.3%	6.5%
Household items	1.9%	4.0-5.5%
Electronics & Computer	2.7%	4.0-5.5%
Food & beverage	2.7%	4.0-5.5%
Smartphone	1.9%	4.0%
Mom & Baby	2.7%	6.5%

Source: Company data, Indo Premier

Fig. 8: Peers comparison table

Ticker	Company	Rating	Target price (Rp/share)	P/S			EV/Sales			EV/EBITDA		
				24F	25F	26F	24F	25F	26F	24F	25F	26F
BUKA IJ	Bukalapak.com	Buy	570	2.5	2.2	2.0	N/A	N/A	N/A	N/A	N/A	N/A
GOTO IJ	GoTo Gojek Tokopedia	Buy	105	3.6	2.8	2.3	3.0	2.3	1.9	71.9	9.8	3.8
SE US	Sea Ltd	N/A	N/A	2.1	1.9	1.8	2.3	2.1	1.9	29.2	17.1	12.5
GRAB US	Grab Holdings Ltd	N/A	N/A	4.2	3.7	3.6	3.4	2.9	2.6	56.8	19.9	13.1

Source: Bloomberg, Indo Premier

SECTOR RATINGS

- OVERWEIGHT : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY 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

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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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