

# Blue Bird Tbk (BIRD)

## Beneficiary of elevating mobilization

### Gradual recovery in mobilization; taxi offers more distancing

We tracked public transportation passengers' volume in Greater Jakarta area post the latest COVID-19 wave in 3Q21. The data suggests that in Nov-21, train passengers in Greater Jakarta has reached 12.8 mn, much better as compared to the 5.5 mn monthly avg. during Jul-Aug'21 but yet still below 50% of the normal month due to 70% capacity restriction as part of social distancing measures. For Transjakarta, the daily traffic in early Dec-21 hit 50% of daily pre-COVID level traffic (vs. 23% over normal traffic during PPKM level 3 implemented on Sep-Oct'21). We observed that people have changed their behavior, preferring to use private cars or other alternatives offering more social distancing like taxis. As people remain cautious and social distancing has become a new norm, we believe that BIRD stands to benefit.

### Assume positive bottom line in 4Q21; narrowing cumulative loss

We projected a turnaround to BIRD's net profit of IDR44.1bn in 4Q21, to narrow its cumulative loss in FY21. BIRD's ARPV has vastly improved since Oct-21. Nov-21 has exceeded pre-pandemic level. We expect Dec-21 ARPV to be even better than Nov-21. Its regular taxi fleet is lower (at ~9,500) vs. the previous average of 13,500, bringing its utilization at 70% (level last seen in Jul-19). All in all, we believe the trend should continue in FY22F.

### Strive for growth through MaaS business model

In this digital era, the decision of BIRD to follow Mobility-as-a-Service (MaaS) business model is right in our view. By creating an integrated services ecosystem and strengthening its footprints in transportation industry, it definitely can be a great opportunity to seize a higher number of customers at a relatively lower cost by collaborating with other parties. Some of the proofs are the cooperation between BIRD and Poxel to provide same-day delivery services called PoxelBig and customers now can order Bluebird via Shopee. We view this digital initiative made by BIRD as another evidence that the company strives for growth.

### Reiterate BUY recommendation with TP of IDR1,880

We foresee 2022F to be a much better year for BIRD on the back of recovering demand and the company's effort to save cost by lowering the number of fleets which potentially lead to lower fixed costs within the last 2 years; we expect BIRD to start to book positive full-year net profit starting 2022F onwards. We reiterate a Buy recommendation of BIRD with a TP of IDR1,880 (37.7% upside potential), derived from a DCF valuation methodology, with the assumption of a 2.0% LT growth rate and 11.3% WACC. Currently, BIRD trades at 0.6x PB. Risks to our call: 1) Slower-than-expected recovery in mobilization and 2) Unfavorable changes in government regulation.

	2019A	2020A	2021F	2022F	2023F
Sales (IDR bn)	4,048	2,047	2,070	2,955	3,601
GP (IDR bn)	1,095	335	465	758	967
OP (IDR bn)	372	(227)	(62)	198	375
NP (IDR bn)	315	(161)	(22)	141	237
EBITDA (IDR bn)	893	301	389	717	944
Net debt (IDR bn)	(627)	(451)	(330)	(969)	(1,403)
OP margin (%)	9%	-11%	-3%	7%	10%
ROE (%)	6%	-3%	0%	3%	4%
Dividend yield (%)	3%	0%	1%	2%	2%
EPS (IDR)	126	(64)	(9)	57	95
chg. (% YoY)	-31%	-151%	-86%	-741%	68%
BPS (IDR)	2,162	2,093	2,084	2,123	2,190
DPS (IDR)	36	0	17	28	32
PE (x)	10.9	N/A	N/A	24.1	14.4
PB (x)	0.6	0.7	0.7	0.6	0.6
EV/EBITDA (x)	4.5	12.8	9.6	6.1	5.1

# Company Update

## Transportation

Jan 10, 2022

12M rating **BUY (Maintain)**  
12M TP **IDR 1,880**  
Upside **+37.7%**

### Stock Data

JCI (Jan 7)	6,701
Stock price (Jan 7, IDR)	1,365
Market cap (IDR bn)	3,415
Shares outstanding (m)	2,502
52-week high/low (IDR)	1,750/1,000
6M avg. daily turnover (IDR bn)	4.7
Free float (%)	20.6

### Major shareholders (%)

Pusaka Citra Djokosoetono	35.2%
Purnomo Prawiro	9.6%
Sigit Priawan Djokosoetono	6.0%
Kresna Priawan Djokosoetono	6.0%
Indra Priawan Djokosoetono	5.5%
Bayu Priawan Djokosoetono	5.0%
Adrianto Djokosoetono	4.8%
Noni Sri Ayati Purnomo	4.8%
Adriyani Sri Lestari	2.5%

### Performance

	1M	6M	12M
Absolute (%)	(8.9)	25.3	2.2
Relative to JCI (%p)	(13.8)	8.9	(8.2)

### BIRD share price

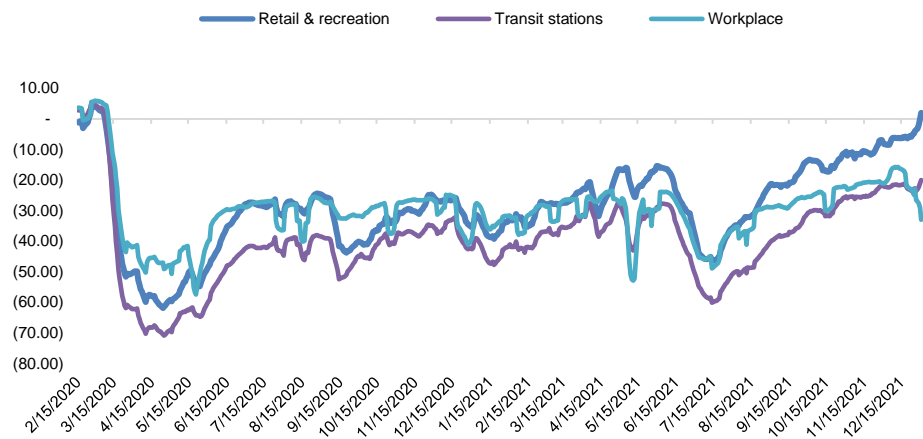


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**Normal traffic slowly recovers, but public transport is still least preferred**

After the latest wave of COVID-19 (July-August'21), we updated the current situation of people's mobility in Greater Jakarta area. Based on Google's mobility report, retail and recreation show an excellent recovery to pre-Covid level. Meanwhile, transit station and workplace have not fully recovered, but they are still way better as compared to July-August'21 during the stricter social activities restrictions (PPKM).

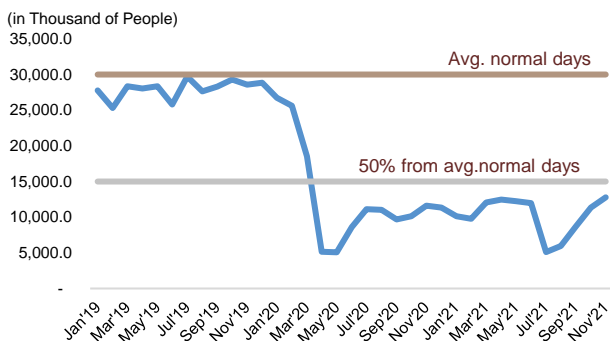
**Fig 1. Mobility trend in Jabodetabek area**



Source: Google, KISI

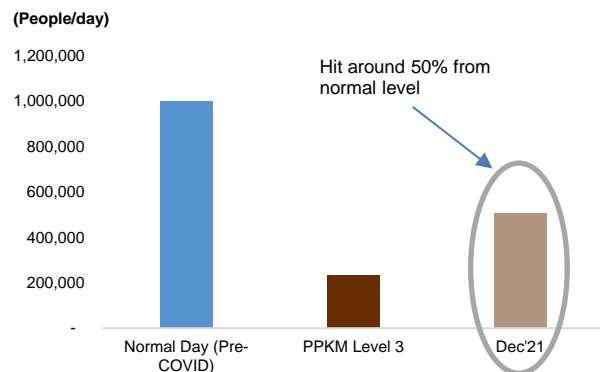
Refer to fig. 2 and 3 below, in November-21, the number of train passengers in a month reached 12.8 mn, improved from average July-August'21 period of only 5.5 mn passengers. Moreover, people who traveled daily by using Transjakarta in early December-21 have hit 505,000 (50% from normal), vs. daily average traffic volumes of Transjakarta stood at 234,000 in the July-August'21 period.

**Fig 2. Monthly train passenger in Jabodetabek area**



Source: BPS, KISI

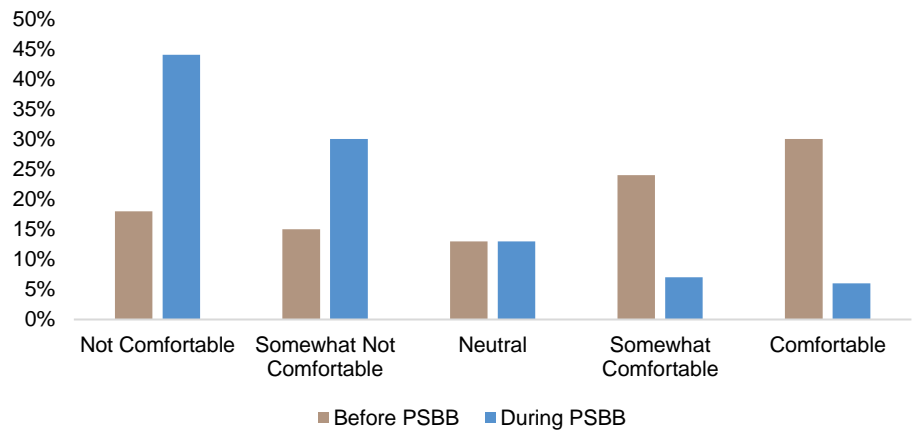
**Fig 3. Transjakarta daily traffic volumes**



Source: BPS, KISI

Looking at the current pace of recovery in passenger volumes of public transportation, this leads to a question of whether people's behavior has changed post-pandemic. Apparently, similar to other countries (India, Malaysia, etc), people in Indonesia currently prefers to use other transportation alternatives rather than public transportation as mobility elevates. Based on research done by Carsome in 2021, the number of respondents who were not comfortable using public transportation increased during PSBB. Noting that, preventing COVID-19 has become a new norm nowadays.

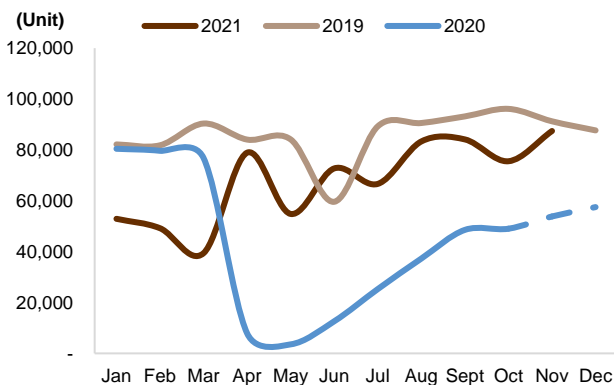
**Fig 4. Comfort level on using online ride sharing and taking public transportation**



Source: Carsome Consumer Survey, KISI

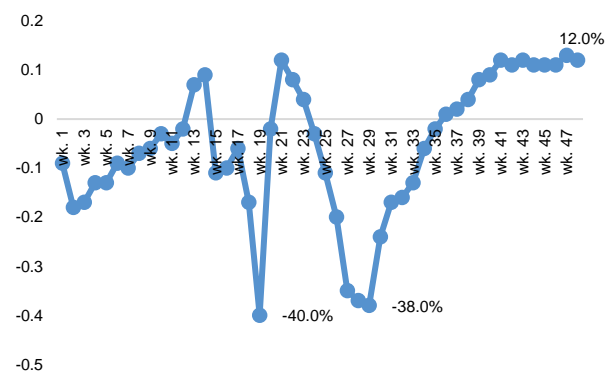
As proof, the average toll revenue of Jasamarga has exceeded 12% of the normal level (pre-covid period). We note that tariff adjustment has some impact on this, however, figure 6 below can describe the fast pace of recovery of traffic volumes as well. Apart from it, we saw strong wholesale car sales volumes growth in FY21, supported by luxury tax incentives provided by government to help automotive industry.

**Fig 5. Monthly wholesales car sales volumes**



Source: Company, KISI

**Fig 6. Deviation from avg. weekly toll revenue (JSMR IJ)**



Source: Company, KISI

Therefore, given the fact that the government has gradually eased social distancing restrictions in 4Q21; allowing 1) non-essential sectors to accept more employees on WFO (Work From Home) basis, 2) HoReCa and shopping centers, Cinemas to operate at a higher capacity. Given the precaution tendency from consumers to use public transportation; this leads to our understanding that the more private (or socially distanced) transportations like taxis are poised to benefit from elevated demand.

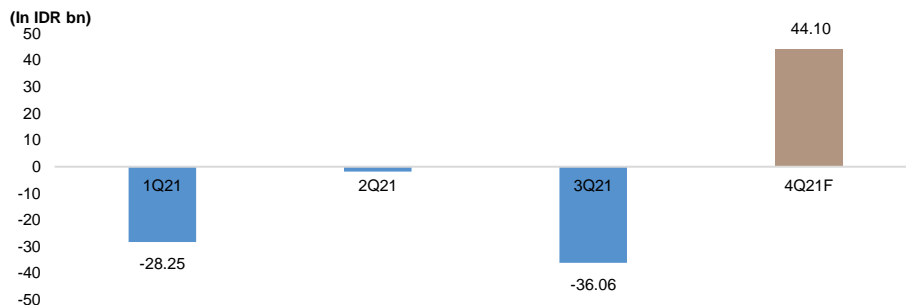
#### 4Q21 net profit potentially back to black; narrowing cumulative loss

BIRD had seen an unfavorable period through the first 3 quarters of 2021. In 1H21, before COVID delta variant severely impacted Indonesian citizens, BIRD booked a net loss of IDR30.1 bn. The net loss widened to IDR66.2bn after a negative IDR36.1bn its bottom-line in 3Q21.

We projected a turnaround condition in 4Q21, as we assumed BIRD to generate a net profit of ~IDR44.1bn to narrow its cumulative net loss in FY21 to ~IDR20bn. Referring to fig 9, BIRD's ARPV has vastly improved since Oct-21. Nov-21 has exceeded pre-pandemic level. We expect Dec-21 ARPV to be even better than Nov-21.

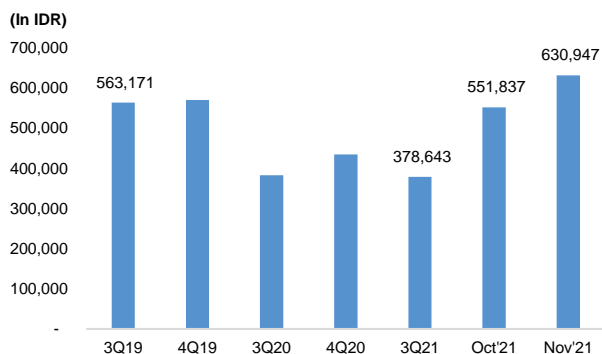
Its regular taxi fleet is lower (at ~9,500) vs. the previous average of 13,500, bringing its utilization at 70% (level last seen in Jul-19). All in all, we believe the trend should continue in FY22F.

Fig 8. BIRD quarterly bottom line (1Q21-4Q21F)



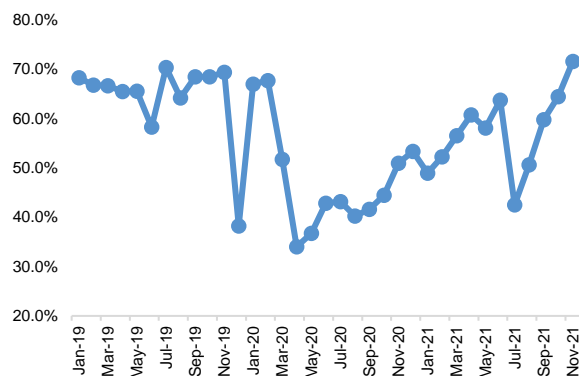
Source: Company, KISI

Fig 9. Average Revenue per Vehicle per Day (Reg. Taxi)



Source: Company, KISI

Fig 10. Regular Taxi Utilization Rate

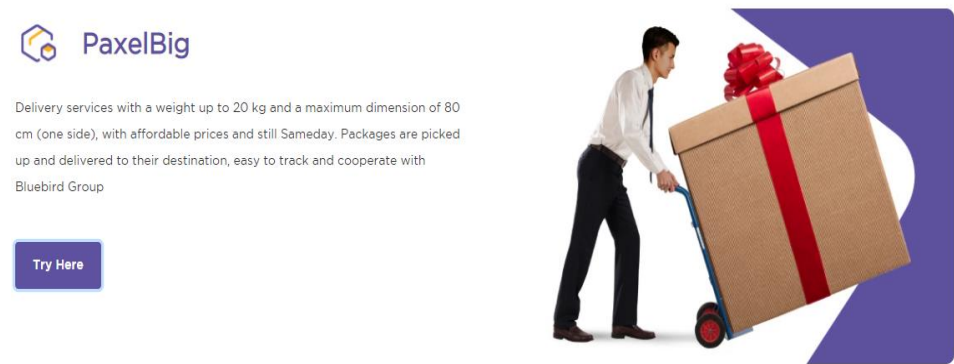


Source: Company, KISI

**Strive for growth through Mobility-as-a-Service (MaaS) model**

Starting from 2020, BIRD has started to focus on MaaS (Mobility-as-a-Service) business model, which we believe will be essential to support growth in the longer term. The company will provide multiplatform/channel, multiproduct/service, and multipayment. Through MaaS, BIRD aims to create an integrated services ecosystem and strengthen its footprints in transportation industry. We see that despite the existing challenges in the current digital era, by focusing on MaaS, BIRD sees an opportunity to attain a higher number of customers at a relatively lower cost by partnering with other parties.

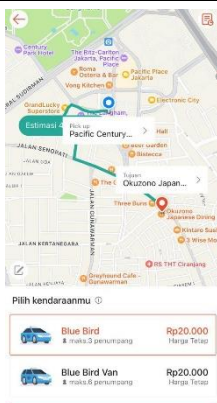
**Fig 11. PaxelBig (one of Paxel product in their website)**



Source: Company, KISI

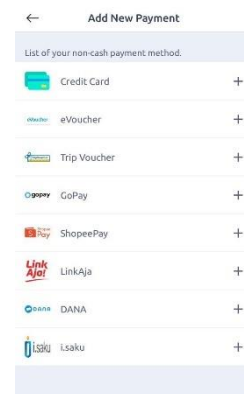
Back in late 2020, BIRD cooperated with Paxel Indonesia, a delivery company that focused on last-mile delivery. From Paxel’s website, one of its services called “PaxelBig” offers same-day delivery services with weight ranging between 5-20 kg and a maximum dimension of 80 cm. PaxelBig is targeted to reach 200,000 delivery per day. Furthermore, to order Bluebird Taxi, not only with MyBlueBird app and Gojek app, right now, customer can order Bluebird via Shopee as well. In addition, BIRD also put efforts to give more variation in payment systems by accepting digital payment to make a better user experience.

**Fig 12. Order Bluebird via Shopee**



Source: Company, KISI

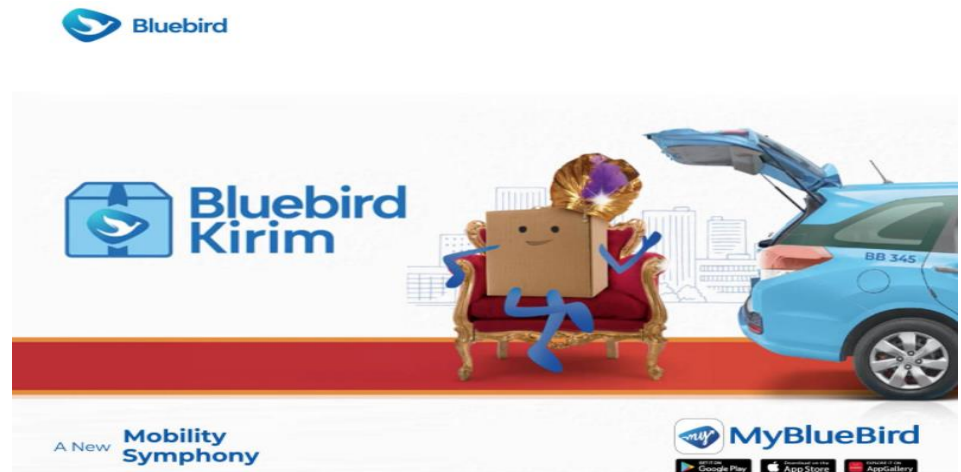
**Fig 13. Non-cash payment method in MyBlueBird app**



Source: Company, KISI

Moreover, to improve its logistic services, BIRD also expand its network. Right now, BIRD is present in 16 cities across Indonesia. Currently, BIRD's logistic service name is BluebirdKirim, formerly BirdKirim. The major service difference between the previous one is that Bluebird Kirim can deliver bigger weight and capacity, specifically up to 750liter or 200kg.

Fig 14. Bluebird Kirim (formerly BirdKirim)



Source: Company, KISI

### Reiterate BUY recommendation with TP of IDR1,880

We foresee 2022F to be a much better year for BIRD on the back of recovering demand and the company's effort to save cost by lowering the number of fleets which potentially lead to lower fixed costs within the last 2 years; we expect BIRD to start to book positive full-year net profit starting 2022F onwards. Margins-wise, we also believe the company's margins to widen going forward as we are upbeat on its digital initiatives signaling a serious consideration for better growth going forward.

We reiterate a Buy recommendation of BIRD with a TP of IDR1,880 (37.7% upside potential), derived from a DCF valuation methodology, with the assumption of a 2.0% LT growth rate and 11.3% WACC. Currently, BIRD trades at 0.6x PB.

Risks to our call: 1) Slower-than-expected recovery in mobilization and 2) Unfavorable changes in government regulation.

Fig 15. BIRD's DCF valuation method

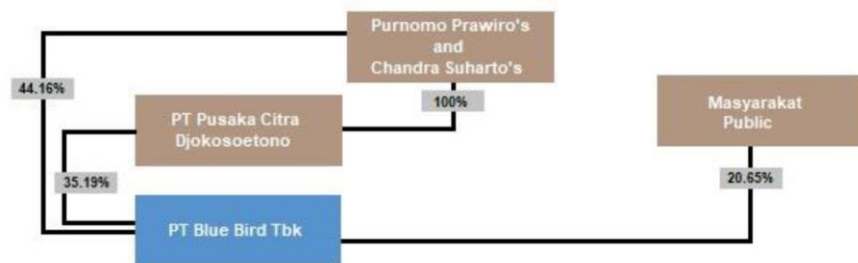
(in IDR bn)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Operating Cash Flow	755	876	965	1,059	1,160	1,258	1,370	1,481	1,624
Capex	(1,031)	(876)	(867)	(854)	(862)	(824)	(786)	(660)	(566)
Free Cash Flow	(276)	0	99	204	299	434	584	821	1,058
Terminal Value									11,556
WACC	11.3%								
Terminal Growth Rate	2.0%								
Discounted FCF	1,385								
Disc. TV	4,396								
Enterprise value	5,780								
Net debt	(969)								
Minority interest	(97)								
Equity value	4,714								
Shares O/S (in bn)	2.5								
Rounded TP	1,880								

Source: KISI

## Company Overview

Blue Bird (BIRD), established in 1970s, is the pioneer taxi operator with the largest fleet in Indonesia, and the first to implement the meter system. As per 2020, the company owns 16,963 regular taxis, 1,131 executive taxis, 5,027 limousine and car rentals, and 687 buses (incl. Cititrans) under the brand Blue Bird, Pusaka, Silver Bird, Golden Bird, Big Bird that is present in all major cities in Indonesia. Taxi revenue contributed 72% over the total revenue. More specifically, regular taxi fleet remains the highest revenue contributor.

Fig 16 BIRD shareholding structure



Source: Company



### Balance sheet

FY-ending Dec. (IDR bn)	2019A	2020A	2021F	2022F	2023F
<b>Current assets</b>					
Cash & cash equivalent	463	799	895	686	509
Accounts & other receivables	307	251	198	283	345
Inventories	17	10	8	12	15
Others	152	181	158	226	277
<b>Non-current assets</b>					
Fixed assets	6,245	5,729	5,641	6,217	6,680
Other non-current assets	241	282	279	399	486
<b>Total assets</b>	<b>7,424</b>	<b>7,253</b>	<b>7,180</b>	<b>7,823</b>	<b>8,313</b>
<b>Current liabilities</b>					
Accounts & other payables	157	165	154	211	253
ST debt & bond	-	-	-	200	200
Current portion of LT debt	441	326	370	342	445
Others	156	149	138	187	205
<b>Non-current liabilities</b>					
LT debt & financial liabilities	649	924	855	1,113	1,268
Deferred tax liabilities	476	324	324	324	324
Other non-current liabilities	138	129	126	134	140
<b>Total liabilities</b>	<b>2,016</b>	<b>2,017</b>	<b>1,966</b>	<b>2,511</b>	<b>2,834</b>
<b>Controlling interest</b>					
Capital stock	250	250	250	250	250
Additional paid-in capital	2,513	2,513	2,513	2,513	2,513
Other Reserves	-	-	-	-	-
Retained earnings	2,546	2,375	2,353	2,452	2,618
Minority interest	99	97	97	97	97
<b>Shareholders' equity</b>	<b>5,408</b>	<b>5,236</b>	<b>5,213</b>	<b>5,312</b>	<b>5,479</b>

### Cash flow

FY-ending Dec. (IDR bn)	2019A	2020A	2021F	2022F	2023F
<b>C/F from operating</b>					
Net profit	315	(161)	(22)	141	237
Depreciation	521	528	451	519	569
Net incr. in W/C	(34)	(125)	52	(42)	(51)
Others	9	(39)	0	0	0
<b>C/F from investing</b>					
CAPEX	(1051)	26	(363)	(1096)	(1031)
Others	(82)	(42)	3	(119)	(87)
<b>C/F from financing</b>					
Incr. in equity	0	0	0	0	0
Incr. in debts	381	160	(26)	430	258
Dividends	(183)	(90)	0	(42)	(71)
Others	74	79	0	0	0
<b>C/F from others</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Increase in cash</b>	<b>(50)</b>	<b>336</b>	<b>96</b>	<b>(209)</b>	<b>(176)</b>

### Income statement

FY-ending Dec. (IDR bn)	2019A	2020A	2021F	2022F	2023F
<b>Sales</b>	4,048	2,047	2,070	2,955	3,601
COGS	2,952	1,712	1,604	2,197	2,634
<b>Gross profit</b>	1,095	335	465	758	967
SG&A expense	724	562	527	560	592
<b>Operating profit</b>	372	(227)	(62)	198	375
Interest income	22	23	25	19	14
Interest expense	(81)	(105)	(98)	(116)	(137)
Other income	77	41	30	30	30
Other expense	(0)	(54)	0	0	0
Other non-operating profit	14	70	65	59	36
Gains (Losses) in associates, subsidiaries and JV	9	(39)	0	0	0
<b>Earnings before tax</b>	414	(290)	(40)	190	318
Income taxes	98	(127)	(17)	47	80
<b>Net profit</b>	316	(163)	(22)	142	239
<b>Non-controlling interest</b>	315	(161)	(22)	141	237
Other comprehensive profit	0	0	0	0	0
Total comprehensive profit	0	0	0	0	0
Total comprehensive profit of controlling interest	0	0	0	0	0
<b>EBITDA</b>	<b>893</b>	<b>301</b>	<b>389</b>	<b>717</b>	<b>944</b>

### Key financial data

FY-ending Dec.	2019A	2020A	2021F	2022F	2023F
per share data (IDR)					
EPS	126	(64)	(9)	57	95
BPS	2,162	2,093	2,084	2,123	2,190
DPS	36	0	17	28	32
Growth (%)					
Sales growth	-4%	-49%	1%	43%	22%
OP growth	-33%	-161%	-73%	-419%	90%
NP growth	-31%	-151%	-86%	-741%	68%
EBITDA growth	-20%	-76%	74%	94%	33%
Profitability (%)					
OP margin	9%	-11%	-3%	7%	10%
NP margin	8%	-8%	-1%	5%	7%
EBITDA margin	26%	12%	21%	29%	32%
ROA	4%	-2%	0%	2%	3%
ROE	6%	-3%	0%	3%	4%
Dividend yield	3%	0%	1%	2%	2%
Dividend payout ratio	30%	30%	30%	30%	30%
Stability					
Net debt (IDR bn)	(627)	(451)	(330)	(969)	(1,403)
Int.-bearing debt/equity (%)	0	0	0	0	0
Valuation (X)					
PE	10.9	N/A	N/A	24.1	14.4
PB	0.6	0.7	0.7	0.6	0.6
EV/EBITDA	4.5	12.8	9.6	6.1	5.1

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