

## Blue Bird Tbk (BIRD)

### ARPV at the sweet spot

#### Earnings recovery to pre-pandemic level is quicker-than-expected

Initially, we thought earnings recovery to the FY19 level will take more than 3 years. However, through cost initiatives enforced by the company (e.g. reducing its total fleets) within FY20-21, the company's FY22F net profit has recovered quicker than we expected. BIRD generated 3Q22 net income of IDR118.0 bn (+19.1% QoQ), bringing 9M22 earnings to IDR264.2 bn (vs. IDR230 bn in 9M19 and net loss in 9M21). Note that, 9M22 revenue of IDR2.5 tn was actually 15.3% lower as compared to 9M19 (i.e. demand has not recovered), but cost improvement has successfully spurred the company's performance.

#### Regular taxi ARPV to stay at above IDR700k until end of the year

BIRD's regular taxi ARPV has been trending up since Aug-2022, with Oct-2022 ARPV of IDR728k (+1.6% MoM/32.0% YoY). Until the end of the year, in-line with management guidance, we expect regular ARPV in Nov & Dec-2022 to stay above IDR700k. Moreover, we notice average fleet in regular taxi operation somewhat declined by 0.5% MoM in Oct-2022 to 10,833 fleets, while utilization rate slightly narrowed to 78.1% (vs. 80.6% in Sep-2022). We presumed there was a contraction in volume due to Peralite price hike. However, if we look into regular taxi revenue in Oct-2022 (vs. Aug-2022), apparently it still grew by 13.3% (as the company regular tariff per km increased by 8.7% and flagfall tariff was adjusted up by 7.7% in Sep-2022)

#### Revised-up FY22-24F financial numbers

We revised up 1) tariff per km for regular and executive taxi, 2) flagfall tariff of regular taxi, 3) ARPV, and 4) non-taxi revenue. As such, we lifted our FY22-24F total top-line by 8.6%/8.5%/8.6%. In terms of fleets in operation, we expect reversion to FY19 level at around 14k for regular taxis will be happening in 3 years ahead. We also fine-tuned our cost assumptions. We believe the company has ability to pass on the fuel price hike, hence we estimate higher FY22-24F operating margins. Furthermore, we raised our FY22/23/24F net profit by 113.6%/61.8%/46.8% to IDR344 bn/414 bn/474 bn

#### Retain Buy call; TP raised to IDR2,500/sh

We are positive on BIRD's prospect going forward on the back of 1) higher mobilization (as compared to early 2022 with rising Omicron cases), 2) non-aggressive additional fleets in operation, leading to a more efficient operation and good ARPV amid rising demand, and 3) less intense price competition. We retain our Buy recommendation and upgrade our DCF-based TP to IDR2,500/sh, implying 15.1x FY23F PE, or slightly higher than mean PE in FY16-19. Currently, the stock trades at 9.4x PE and 0.7x PB. Downside risks to our call: 1) Unfavorable changes in government regulation 2) Slower-than-expected recovery in mobilization and 3) Worsening competition with online ride-hailing

	2020A	2021A	2022F	2023F	2024F
Sales (IDR bn)	2,047	2,221	3,386	3,942	4,356
GP (IDR bn)	335	494	1,022	1,226	1,371
OP (IDR bn)	(227)	(16)	432	583	678
NP (IDR bn)	(161)	8	344	414	474
EBITDA (IDR bn)	301	432	892	1,070	1,191
Net debt (IDR bn)	451	(106)	97	231	242
OP margin (%)	-11%	-1%	13%	15%	16%
ROE (%)	-3%	0%	6%	7%	8%
Dividend yield (%)	4%	2%	2%	3%	3%
EPS (IDR)	(64)	3	138	165	190
chg. (% YoY)	-151%	-105%	4362%	20%	15%
BPS (IDR)	2,093	2,057	2,167	2,300	2,451
DPS (IDR)	60	28	33	38	45
PE (x)	N/A	N/A	11.3	9.4	8.2
PB (x)	0.7	0.8	0.7	0.7	0.6
EV/EBITDA (x)	11.5	9.3	4.3	3.4	3.1

## Company Update

### Transportation

November 18, 2022

12M rating **BUY (Maintain)**  
12M TP **IDR 2,500** (Prev IDR2,330)  
Upside **+60.2%**

#### Stock Data

JCI (Nov 18)	7,044
Stock price (Nov 18, IDR)	1,560
Market cap (IDR bn)	3,903
Shares outstanding (m)	2,502
52-week high/low (IDR)	1,950/1,140
6M avg. daily turnover (IDR bn)	9.4
Free float (%)	26.3

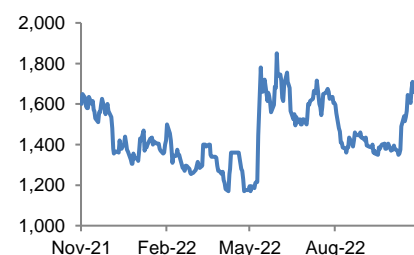
#### Major shareholders (%)

Pusaka Citra Djokosoetono	35.2%
Purnomo Prawiro	11.38%
Kresna Priawan Djokosoetono	6.17%
Sigit Priawan Djokosoetono	5.98%
Indra Priawan Djokosoetono	5.82%
Adrianto Djokosoetono	5.12%
Noni Sri Ayati Purnomo	4.83%
Adriyani Sri Lestari	2.5%

#### Performance

	1M	6M	12M
Absolute (%)	7.8	34.0	5.0
Relative to JCI (%p)	10.4	25.2	(7.6)

#### BIRD share price

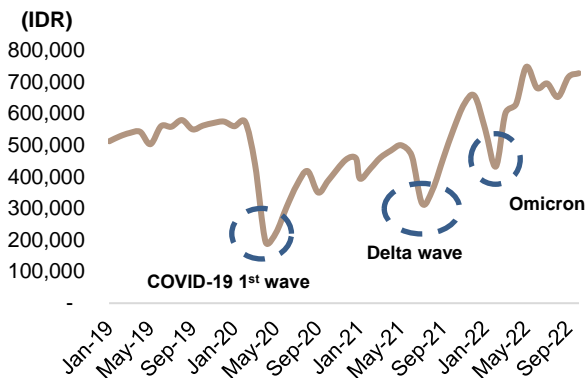


Source: Bloomberg

**Fahressi Fahalmesta**

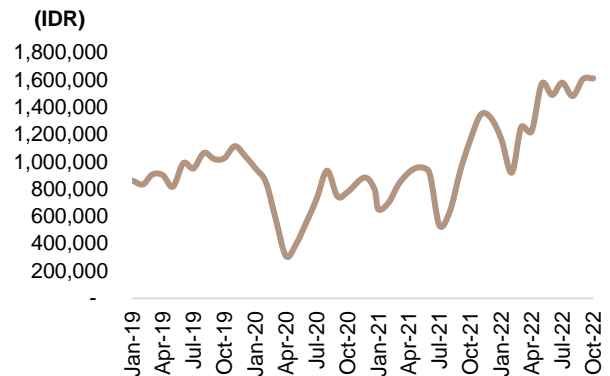
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Fig 1. Regular taxi ARPV until Oct-2022



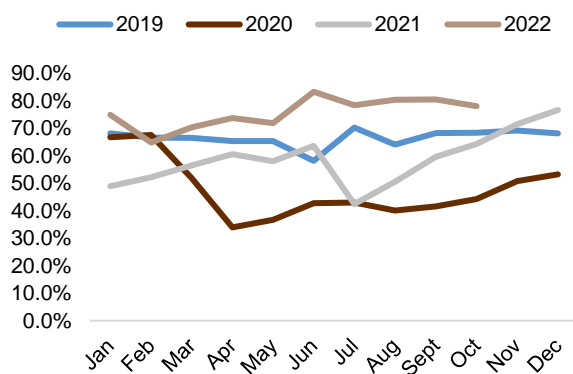
Source: Company, KISI

Fig 2. Executive taxi ARPV until Oct-22



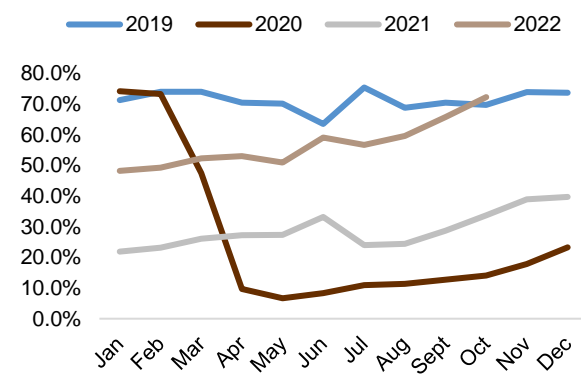
Source: Company, KISI

Fig 3. Regular taxi utilization rate



Source: Company, KISI

Fig 4. Executive taxi utilization rate



Source: Company, KISI

Fig 5. Forecast changes

(IDR bn)	New Forecast			Old Forecast			Differences		
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F
Revenue	3,386	3,942	4,356	3,118	3,632	4,012	8.6%	8.5%	8.6%
Gross Profit	1,022	1,226	1,371	834	1,016	1,151	22.5%	20.7%	19.2%
Operating Profit	432	583	678	286	433	531	50.8%	34.4%	27.6%
Net Profit	344	414	474	161	256	323	113.6%	61.8%	46.8%

**Regular Taxi (IDR)**

ARPV	653,733	682,000	682,000	574,944	609,486	619,986	13.7%	11.9%	10.0%
Tariff per km	4,667	5,000	5,000	4,437	4,526	4,616	5.2%	10.5%	8.3%
flagfall tariff	6,667	7,000	7,000	6,500	6,500	6,500	2.6%	7.7%	7.7%

Source: KISI

Fig 6. 9M22 results snapshot

(IDR bn)	3Q21	2Q22	3Q22	QoQ	YoY	9M21	9M22	YoY
Revenue	404.3	874.1	960.8	9.9%	137.6%	1,449.8	2,508.8	73.0%
Gross profit	67.2	267.0	297.1	11.3%	341.9%	275.9	737.3	167.2%
Operating profit	(54.9)	118.9	133.4	12.2%	N/A	(108.6)	287.1	N/A
EBT	(44.3)	128.6	148.1	15.1%	N/A	(92.7)	337.0	N/A
Net income	(36.1)	99.0	118.0	19.1%	N/A	(66.2)	264.2	N/A
Gross margin	16.6%	30.5%	30.9%			19.0%	29.4%	
Operating margin	-13.6%	13.6%	13.9%			-7.5%	11.4%	
Net margin	-8.9%	11.3%	12.3%			-4.6%	10.5%	

Source: Company, KISI

Fig 7. Bluebird rate vs. other online taxi

Date	15-17 November 2022		
from:	To:		
Equity Tower	Plaza Indonesia		
Taxi fare in IDR	08.50	14.30	18.00
GoCar	39,500	42,500	71,500
GoCar Protect+	42,500	45,500	76,500
GoCar (L)	47,000	50,000	84,000
GoBluebird	32,000-45,000	32,000-45,000	32,000-45,000
GrabCar	60,000	33,000	53,000
GrabCar XL	69,000	37,000	61,000
GrabCar Protect	66,000	36,000	58,000
GrabCar Premium	73,000	40,000	65,000
Maxim Car	37,000	24,800	24,700
Maxim Car L	43,000	28,800	28,700
Bluebird	31,000-37,000	31,000-37,000	31,000-37,000
Bluebird Van	31,000-37,000	31,000-37,000	31,000-37,000
Bluebird fixed price	37,000	37,000	40,000

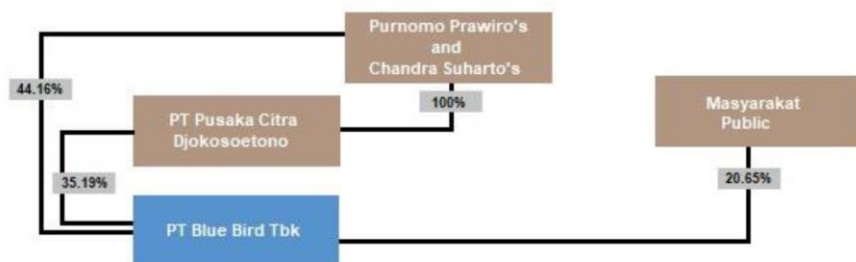
Source: KISI, MyBluebird, Gojek, Grab and Maxim

**Our take:** Bluebird taxi fares are relatively flat with slight adjustments during peak hour, while other players vary depending on the peak hour or not. During rush hour, we think Bluebird is preferred by the consumers given the cheapest pricing point relative to GoCar and GrabCar as well as the availability of the fleets. We think it is still not easy or quick to get Maxim Car during peak hours.

## 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 of 2021, the company owns 13,487 regular taxi, 1,032 executive taxi, 4,882 limousine and car rental, and 456 bus (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 remain the highest revenue contributor.

Fig 8. BIRD shareholding structure



Source: Company

### Balance sheet

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
<b>Current assets</b>					
Cash & cash equivalent	799	946	899	922	959
Accounts & other receivables	251	308	371	432	477
Inventories	10	11	16	18	20
Others	181	102	157	185	205
<b>Non-current assets</b>					
Fixed assets	5,729	4,999	5,339	5,683	6,004
Other non-current assets	282	232	354	412	456
<b>Total assets</b>	<b>7,253</b>	<b>6,598</b>	<b>7,136</b>	<b>7,652</b>	<b>8,120</b>
<b>Current liabilities</b>					
Accounts & other payables	165	50	97	112	123
ST debt & bond	4	2	2	2	2
Current portion of LT debt	321	343	343	452	485
Others	149	170	222	229	248
<b>Non-current liabilities</b>					
LT debt & financial liabilities	924	494	651	698	713
Deferred tax liabilities	324	274	274	274	274
Other non-current liabilities	129	114	124	131	141
<b>Total liabilities</b>	<b>2,017</b>	<b>1,448</b>	<b>1,713</b>	<b>1,898</b>	<b>1,986</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	2,375	2,287	2,562	2,893	3,273
Minority interest	97	98	98	98	98
<b>Shareholders' equity</b>	<b>5,236</b>	<b>5,148</b>	<b>5,423</b>	<b>5,754</b>	<b>6,133</b>

### Cash flow

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
<b>C/F from operating</b>					
Net profit	(161)	8	344	414	474
Depreciation	528	448	460	487	513
Net incr. in W/C	(125)	(135)	(17)	(63)	(26)
Others	(39)	61	60	50	40
<b>C/F from investing</b>					
CAPEX	26	221	(860)	(881)	(874)
Others	(42)	50	(122)	(58)	(43)
<b>C/F from financing</b>					
Incr. in equity	0	0	0	0	0
Incr. in debts	160	(411)	157	157	48
Dividends	(90)	(150)	(69)	(83)	(95)
Others	79	54	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>336</b>	<b>147</b>	<b>(47)</b>	<b>23</b>	<b>37</b>

### Income statement

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
<b>Sales</b>	2,047	2,221	3,386	3,942	4,356
COGS	1,712	1,727	2,364	2,716	2,985
<b>Gross profit</b>	335	494	1,022	1,226	1,371
SG&A expense	562	510	590	644	693
Operating profit	(227)	(16)	432	583	678
Interest Income	23	20	19	20	21
Interest expense	(105)	(77)	(84)	(98)	(102)
Other income	41	36	0	0	0
Other expense	(54)	(11)	35	0	0
Other non-operating profit	70	12	0	0	0
Gains (Losses) in associates, subsidiaries and JV	(39)	61	60	50	40
Earnings before tax	(290)	26	462	555	637
Income taxes	(127)	17	115	139	159
<b>Net profit</b>	<b>(161)</b>	<b>8</b>	<b>344</b>	<b>414</b>	<b>474</b>
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
EBITDA	301	432	892	1,070	1,191

### Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	(64)	3	138	165	190
BPS	2,093	2,057	2,167	2,300	2,451
DPS	60	28	33	38	45
Growth (%)					
Sales growth	-49%	9%	52%	16%	11%
OP growth	-161%	-93%	-2775%	35%	16%
NP growth	-151%	-105%	4362%	20%	15%
EBITDA growth	-66%	43%	107%	20%	11%
Profitability (%)					
OP margin	-11%	-1%	13%	15%	16%
NP margin	-8%	0%	10%	10%	11%
EBITDA margin	15%	19%	26%	27%	27%
ROA	-2%	0%	5%	5%	6%
ROE	-3.08%	0.15%	6.35%	7.19%	7.74%
Dividend yield	4.4%	2.0%	2.4%	2.8%	3.3%
Dividend payout ratio	-56%	1946%	20%	20%	20%
Stability					
Net debt (IDR bn)	451	(106)	97	231	242
Int-bearing debt/equity (%)	23.9	16.3	18.4	20.0	19.6
Valuation (X)					
PE	N/A	N/A	11.3	9.4	8.2
PB	0.7	0.8	0.7	0.7	0.6
EV/EBITDA	11.5	9.3	4.3	3.4	3.1

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