

## Blue Bird Tbk (BIRD)

### Measuring the impact of royalty charge

#### Regular taxi ARPV hit a record high in Dec-2022

BIRD's regular taxi ARPV reached a record high in Dec-22 at IDR742.9k (+3.2% MoM and 13.2% YoY). This is in line with our previous thesis that ARPV will be maintained at above IDR700k on the back of mobilization recovery. **4Q22 average regular taxi ARPV stood at IDR730.5k (+6.1% QoQ)**, bringing FY22 average to IDR658.6k (+38.5% YoY). Likewise, executive taxi also showed positive performance, booking IDR1.6 mn ARPV in 4Q22 (+5% QoQ), resulting in FY22 ARPV of IDR1.4 mn (+57.5% YoY). However, the number of operating fleets in Dec-2022 for both regular taxis and executive taxis has not fully recovered to pre-pandemic level (Dec-2019), at 80.2% and 57.3%, respectively. **Thus, based on our calculation, assuming total taxi revenue contribute 74-75% of the total revenue, 4Q22 revenue can register a 10.4-11.9% growth QoQ, reaching slightly above IDR1 tn or almost revert to 4Q19 (IDR1.09 tn).** We adjusted our FY22 regular and executive taxis ARPV by 0.7% and 33.9%, hence we raise our FY22 revenue estimate by 5.1%. Moreover, we also lift both FY23/24F revenue by 0.8% each, following a higher ARPV of executive taxis by 19.9%.

#### Paying license fee starting in 4Q23

Back in FY13, the company entered into a trademark agreement with PCD (Pusaka Citra Djokosoetono) to use 5 brands comprised of 1) Blue Bird, 2) Silver Bird, 3) Golden Bird, 4) big Bird and 5) Pusaka. **Based on the agreement, BIRD has the right to use the brands for 10 years or until Nov-23 without paying a license fee.** We have discussed with BIRD about this, and they mentioned that the agreement is still on. **As such, starting Nov-2023 the company has to pay a license fee amounting to 2% of revenue (around 90% of total revenue which uses brands mentioned above).** Hence, **the full impact will be reflected in FY24F, with our net profit estimate reduced by 10.5% (include revision on other variables like ARPV adjustment).** Noting that, **the pure impact of royalty charges on bottom-line without changes in other variables we have done would be -1.1%/-12.5% in FY23/24F.**

#### Stay positive; retain BUY call with a slightly lower TP

We raise our FY22 net profit target by 2.5% to better reflect the company's performance. As Indonesian government has further eased PPKM, we believe mobilization this year is most likely to be better than FY22. Taxi fleets in operation are also managed efficiently by the company in order to get optimal ARPV. Additionally, we view competition in the taxi industry in Indonesia is no longer a big issue. We maintain our BUY call with a lower DCF-based TP of IDR2,330/sh, implying 13.9x FY23F PE, or at slightly lower than mean PE of FY16-19. The counter currently trades at 8.2x 2023F PE and 0.6x 2023F PB. Risks to our call include 1) Unfavorable changes in government regulation 2) Slower-than-expected recovery in mobilization due to unexpected social restrictions and 3) Worsening competition with online ride-hailing.

	2020A	2021A	2022F	2023F	2024F
Sales (IDR bn)	2,047	2,221	3,558	3,974	4,391
GP (IDR bn)	335	494	1,057	1,234	1,307
OP (IDR bn)	(227)	(16)	459	589	612
NP (IDR bn)	(161)	8	353	418	425
EBITDA (IDR bn)	301	432	919	1,077	1,125
Net debt (IDR bn)	451	(106)	118	226	274
OP margin (%)	-11%	-1%	13%	15%	14%
ROE (%)	-3%	0%	6%	7%	7%
Dividend yield (%)	4%	2%	2%	2%	3%
EPS (IDR)	(64)	3	141	167	170
chg. (% YoY)	-151%	-105%	4471%	19%	2%
BPS (IDR)	2,093	2,057	2,170	2,304	2,440
DPS (IDR)	60	28	33	34	40
PE (x)	N/A	N/A	9.7	8.2	8.1
PB (x)	0.7	0.7	0.6	0.6	0.6
EV/EBITDA (x)	9.9	8.2	3.6	3.0	2.8

## Company Update

### Transportation

January 5, 2023

12M rating **BUY (Maintain)**  
12M TP **IDR 2,330** (Prev IDR2,500)  
Upside **+70.1%**

#### Stock Data

JCI (Jan 4)	6,813
Stock price (Jan 4, IDR)	1,370
Market cap (IDR bn)	3,427
Shares outstanding (m)	2,502
52-week high/low (IDR)	1,950/1,140
6M avg. daily turnover (IDR bn)	6.0
Free float (%)	29.4

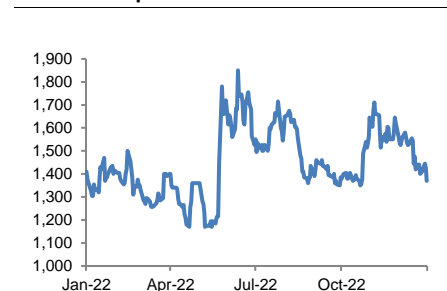
#### Major shareholders (%)

Pusaka Citra Djokosoetono	28.3%
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 (%)	(12.0)	(5.4)	5.4
Relative to JCI (%)	(12.9)	(12.5)	(6.5)

#### BIRD share price

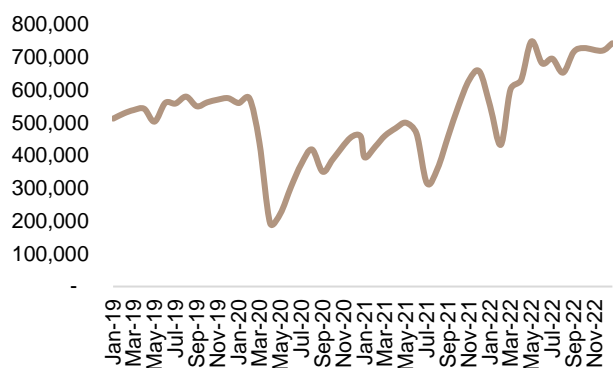


Source: Bloomberg

**Fahressi Fahalmesta**

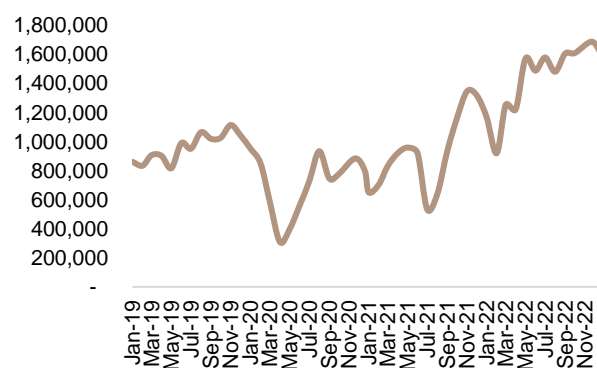
[fahressi.f@kisi.co.id](mailto:fahressi.f@kisi.co.id)

Fig 1. Regular taxi ARPV until Dec-2022



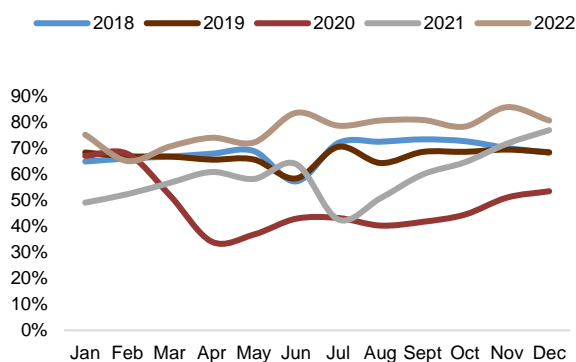
Source: Company, KISI

Fig 2. Executive taxi ARPV until Dec-22



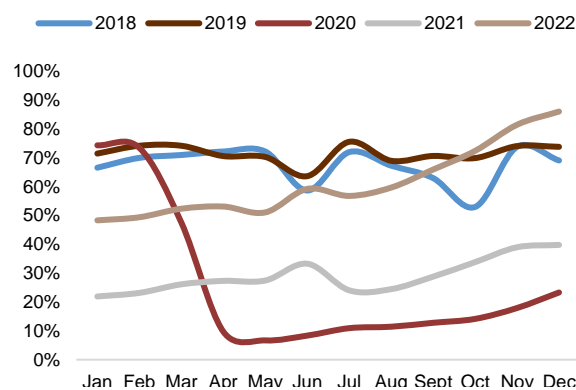
Source: Company, KISI

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	3,558	3,974	4,391	3,386	3,942	4,356	5.1%	0.8%	0.8%
Gross Profit	1,057	1,234	1,307	1,022	1,226	1,371	3.4%	0.6%	-4.7%
Operating Profit	459	589	612	432	583	678	6.2%	1.1%	-9.7%
Net Profit	353	418	425	344	414	474	2.5%	1.2%	-10.5%

#### Regular Taxi

ARPV	658,000	682,000	682,000	653,733	682,000	682,000	0.7%	0.0%	0.0%
Tariff per km	4,667	5,000	5,000	4,667	5,000	5,000	0.0%	0.0%	0.0%
flagfall tariff	6,667	7,000	7,000	6,667	7,000	7,000	0.0%	0.0%	0.0%

#### Executive Taxi

ARPV	1,430,000	1,402,840	1,402,840	1,067,940	1,169,600	1,169,600	33.9%	19.9%	19.9%
Tariff per km	9,267	9,800	9,800	9,267	9,800	9,800	0.0%	0.0%	0.0%
flagfall tariff	17,000	17,000	17,000	17,000	17,000	17,000	0.0%	0.0%	0.0%

Source: KISI

Fig 6. Nov-Dec 2019-2022 operational data

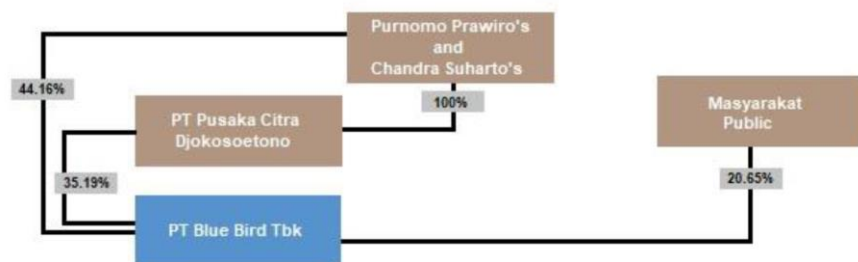
	Nov-19	Dec-19	Nov-20	Dec-20	Nov-21	Dec-21	Nov-22	Dec-22	MoM	YoY
<b>Regular Taxi</b>										
Average Fleet (unit)	20,793	20,633	17,228	16,970	13,507	13,345	13,685	14,039	2.6%	5.2%
Average Fleet in Operation (unit)	14,407	14,080	8,767	9,047	9,664	10,241	11,708	11,290	-3.6%	10.2%
Average Revenue per Car in Operation (IDR)	570,826	575,340	453,851	459,297	630,947	656,514	720,202	742,925	3.2%	13.2%
Utilization Rate	69.3%	68.2%	50.9%	53.3%	71.5%	76.7%	85.6%	80.4%	-5.1%	3.7%
<b>Executive Taxi</b>										
Average Fleet (unit)	919	883	799	795	737	722	451	434	-3.8%	-39.9%
Average Fleet in Operation (unit)	680	651	143	185	287	287	367	373	1.6%	30.0%
Average Revenue per Car in Operation (IDR)	1,115,427	1,044,452	885,445	800,000	1,347,456	1,321,448	1,689,765	1,606,371	-4.9%	21.6%
Utilization Rate	74.0%	73.7%	17.9%	23.3%	38.9%	39.8%	81.4%	85.9%	4.6%	46.2%

Source: Company; 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 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 7. 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	878	927	926
Accounts & other receivables	251	308	390	436	481
Inventories	10	11	16	18	20
Others	181	102	165	187	206
<b>Non-current assets</b>					
Fixed assets	5,729	4,999	5,339	5,683	6,004
Other non-current assets	282	232	372	416	459
<b>Total assets</b>	<b>7,253</b>	<b>6,598</b>	<b>7,161</b>	<b>7,666</b>	<b>8,097</b>
<b>Current liabilities</b>					
Accounts & other payables	165	50	103	113	127
ST debt & bond	4	2	2	2	2
Current portion of LT debt	321	343	343	452	485
Others	149	170	234	231	250
<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	125	131	141
<b>Total liabilities</b>	<b>2,017</b>	<b>1,448</b>	<b>1,732</b>	<b>1,901</b>	<b>1,993</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	2,569	2,904	3,244
Minority interest	97	98	98	98	98
<b>Shareholders' equity</b>	<b>5,236</b>	<b>5,148</b>	<b>5,430</b>	<b>5,764</b>	<b>6,104</b>

## Cash flow

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
<b>C/F from operating</b>					
Net profit	(161)	8	353	418	425
Depreciation	528	448	460	487	513
Net incr. in W/C	(125)	(135)	(26)	(55)	(24)
Others	(39)	61	60	50	40
<b>C/F from investing</b>					
CAPEX	26	221	(860)	(881)	(874)
Others	(42)	50	(140)	(43)	(44)
<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)	(71)	(84)	(85)
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>(68)</b>	<b>49</b>	<b>(1)</b>

## Income statement

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
<b>Sales</b>	2,047	2,221	3,558	3,974	4,391
<b>COGS</b>	1,712	1,727	2,502	2,740	3,084
<b>Gross profit</b>	335	494	1,057	1,234	1,307
<b>SG&amp;A expense</b>	562	510	598	645	695
<b>Operating profit</b>	(227)	(16)	459	589	612
<b>Interest Income</b>	23	20	19	20	20
<b>Interest expense</b>	(105)	(77)	(84)	(98)	(102)
<b>Other income</b>	41	36	0	0	0
<b>Other expense</b>	(54)	(11)	20	0	0
<b>Other non-operating profit</b>	70	12	0	0	0
<b>Gains (Losses) in associates, subsidiaries and JV</b>	(39)	61	60	50	40
<b>Earnings before tax</b>	(290)	26	473	561	570
<b>Income taxes</b>	(127)	17	118	140	143
<b>Net profit</b>	(161)	8	353	418	425
<b>Other comprehensive profit</b>	0	0	0	0	0
<b>Total comprehensive profit</b>	0	0	0	0	0
<b>Total comprehensive profit of controlling interest</b>	0	0	0	0	0
<b>EBITDA</b>	301	432	919	1,077	1,125

## Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
<b>per share data (IDR)</b>					
EPS	(64)	3	141	167	170
BPS	2,093	2,057	2,170	2,304	2,440
DPS	60	28	33	34	40
<b>Growth (%)</b>					
Sales growth	-49%	9%	60%	12%	10%
OP growth	-161%	-93%	-2941%	28%	4%
NP growth	-151%	-105%	4471%	19%	2%
EBITDA growth	-66%	43%	113%	17%	5%
<b>Profitability (%)</b>					
OP margin	-11%	-1%	13%	15%	14%
NP margin	-8%	0%	10%	11%	10%
EBITDA margin	15%	19%	26%	27%	26%
ROA	-2%	0%	5%	5%	5%
ROE	-3.08%	0.15%	6.49%	7.26%	6.96%
Dividend yield	4.4%	2.1%	2.4%	2.5%	3.0%
Dividend payout ratio	-56%	1946%	20%	20%	20%
<b>Stability</b>					
Net debt (IDR bn)	451	(106)	118	226	274
Int.-bearing debt/equity (%)	23.9	16.3	18.3	20.0	19.7
<b>Valuation (X)</b>					
PE	N/A	N/A	9.7	8.2	8.1
PB	0.7	0.7	0.6	0.6	0.6
EV/EBITDA	9.9	8.2	3.6	3.0	2.8

## Disclaimer

This Research Report ("Report") is prepared by PT Korea Investment and Sekuritas Indonesia, or its subsidiaries or its affiliates ("KISI").

By receiving this Report, you confirm that: (a) you have previously requested KISI to deliver this Report to you and you are legally entitled to receive the Report in accordance with Indonesian prevailing laws and regulations, and (b) you have fully read, understood and agreed to be bound by and comply with the terms of this Report as set out below. Your failure to comply with the terms below may constitute a violation of law.

All the material presented in this Report is under copyright to KISI. This Report is strictly confidential and is for private circulation only to clients of KISI. This Report is being supplied to you strictly on the basis that it will remain confidential and that you will maintain its confidentiality at all times. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form of by any means or altered in any way, or transmitted to, or distributed to any other party without prior written consent of KISI.

This Report is based on the information obtained by KISI from sources believed to be reliable, however KISI do not make representations as to their accuracy, completeness or correctness. This Report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. KISI accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this Report and further communication given or relied in relation to this document.

This Report is intended for circulation among KISI' clients only and does not consider any specific investment objectives, financial situation and the particular needs of any specific person who may receive this Report. The entire content of this Report is not and cannot not be construed or considered as an offer, recommendation, invitation or solicitation to enter into any transaction (including trading and hedging) relating to the securities, other financial instruments, and other form of investments issued or offered by the company(ies) covered in this Report. It is your own responsibility to: (a) independently evaluate the content of this Report, (b) consider your own individual investment objectives, financial situation and particular needs, and (c) consult your own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this Report.

This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and analysis should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts, and estimates contained in this report reflects a judgment at its original date of publication by KISI and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The views expressed in this Report reflect the personal views of the individual analyst(s) at KISI about the securities or company(ies) mentioned in the Report and the compensation of the individual analyst(s), is, or will be directly or indirectly related to the performance of KISI' activities. KISI prohibits the individual analyst(s) who prepared this Report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company (including those covered in the Report). However, the individual analyst(s) may receive compensation based on the scope of his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations.

In reviewing this Report, you should be aware that any or all of the above activities of KISI and its officers, directors and employees, among other things, may give rise to real or potential conflicts of interest. KISI and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. KISI may, to the extent permitted by law, act upon or use the information presented herein, or the research or analysis on which they are based, before the material is published.

Please note that the securities of the company(ies) covered in this Report might not be eligible for sale in all jurisdictions or to all categories of investors. The availability of those securities and your eligibility to invest in those securities will be subject to, among others, the prevailing laws of the relevant jurisdiction covering those securities. Furthermore, the value and income of any of the securities covered in this Report can fall as well as rise and an investor (including you) may get back less than invested. Future returns are not guaranteed, and a loss of original capital may be incurred.

PT Korea Investment and Sekuritas Indonesia is Securities Company Member of the Indonesia Stock Exchange, licensed, registered and supervised by the Indonesia Financial Services Authority (Otoritas Jasa Keuangan).

©Copyright 2019, PT Korea Investment and Sekuritas Indonesia