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Research Center

Morning KISI/

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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

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

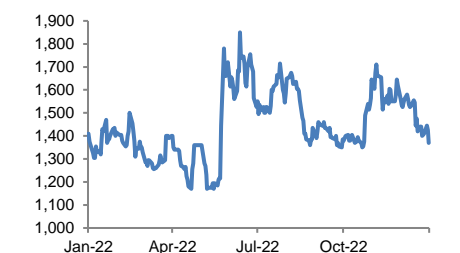
Major shareholders (%)

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 (%p)	(12.9)	(12.5)	(6.5)

BIRD share price



Source: Bloomberg

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Market Commentary

Market Commentary

- JCI finished 159 points lower on Thursday, the biggest drop since early July last year, and was the worst performer in the region, on resumed foreign outflow.
- The selling pressures gaining momentum as most commodities dragged lower amid the current wild movement of the commodity prices. The slowing demand outlook, China's complicated reopening, and shifting in China policy are among the factors that drove the declines.
- Regional indices showed a strong performance as China reopened, and their support policy stimulate their economic growth attracting foreign flow to their market.
- Almost all sectors dragged lower, with 518 of 802 stocks ending lower. Leaving some defensive consumer stocks on the green.
- RUIPIAH +0.16% at 15,598 against USD.
- Energy-related stocks tumbled the most with coal stocks were the most suffering after China's plan to reverse Australian coal imports might dent the Indo coal exporters. ADRO IJ -6.06%, ITMG IJ -6.33%, PTBA IJ -5.80%, BUMI IJ -6.45%.
- Oil-related stocks extended their slide amid demand fears as crude oil lost almost 10% in just two days. MEDC IJ -6.98%, ENRG IJ -6.29%, PGAS IJ -6.33%, AKRA IJ -4.65%.
- Hefty foreign selling in big caps also contributes to index declines. BBRI IJ -2.73%, ASII IJ -5.29%, BBKA IJ -1.20%, and BMRI IJ -2.00%.
- Defensive-consumer stocks remain resilient as investors shift to more defensive stocks amid rotation out from commodity and tech stocks. UNVR IJ +1.94%, AMRT IJ +2.55%, ICBP IJ +1.24%, CPIN IJ +3.08%.
- Top value were: BBRI IJ -2.73%, BBKA IJ -1.20% IJ, ADRO IJ -6.06%
- Top Gainers : AMRT (+2.55%), CPIN (+3.08%), MIKA (+5.26%)
- Top Losers: BYAN (-5.44%), BBRI (-2.73%), ASII (-5.29%)

News

Macroeconomic, Sector and Corporate News

- IPO – PT Bank Pembangunan Daerah Sumatera Utara (Bank Sumut) max 2.93bn shares (~23% of capital)@ IDR 350-510/ sh. Offering period: 1-3Feb2023. (Investor Daily)
- SLIS – Received shareholders' approval for rights issues of up to 2bn shares (100% of capital) for subsidiary's working capital . (Bisnis)
- TCPI - to seek shareholders' approval through EGM today for non preemptive rights issue of 500mn shares (10% of capital). (Kontan)
- HATM – signed a 3-yr contract with PT Dwi Guna Laksana Tbk. (DWGL) for coal transportation (intended for PLN as end user) up to 750,000 MT p.a. (Bisnis)
- BBKP – plans for another big rights issue of up to 120bn shares (~176% of capital) in 1Q23. (Kontan)
- GEMS – targets FY23 coal production of 40.45 mn tonnes (flat YoY). (Bisnis)
- IFSH – allocates IDR200bn from internal cash for shares buyback. Buyback period: 6Jan-5Apr2023. (Investor daily)

Outliers

Outlier Stocks

- Sharp Movers (Up) : AMIN (+34.6%), ALKA (+24.3%), AKSI (+17.7%)
- Sharp Movers (Down) : MEDC (-7%), MTPS (-7%), CHEM (-7%)

Macro Calendar

January 6, 2023

Mon	Tue	Wed	Thu	Fri
3	4	5	6	7
<p>Korea > Market closed (National Foundation Day) September exports and imports (announced October 1) US> September ISM manufacturing PMI China> Market closed (National Day)</p>	<p>US> August durable goods (F) China> Market closed (National Day)</p>	<p>OPEC+ ministerial meeting Korea> September CPI US> September ISM services PMI MBA mortgage applications China> Market closed (National Day)</p>	<p>US> New jobless claims China> Market closed (National Day)</p>	<p>US> September non-farm payrolls September jobless rate China> Market closed (National Day) September FX reserves</p>
10	11	12	13	14
<p>Korea> Market closed (substitute holiday for Hangul Day) US> Market closed (Columbus Day) China> September Caixin services PMI (announced October 8) Japan> Market closed (Sports Day)</p>	<p>OECD leading economic index</p>	<p>The OPEC Monthly Oil Market Report Korea> MPC meeting US> FOMC minutes release MBA mortgage applications September PPI</p>	<p>Korea> Stock options expiry US> September CPI Initial jobless claims</p>	<p>Korea> September jobless rate US> September retail sales October Michigan Consumer Confidence (P) China> September PPI September CPI September exports and imports September trade balance</p>
17	18	19	20	21
<p>US> October manufacturing index (New York) China> September mining and manufacturing production September retail sales September fixed asset investment 3Q22 GDP Japan> August mining and manufacturing production (F)</p>	<p>US> September industrial production</p>	<p>US> Fed Beige Book release MBA mortgage applications September housing starts Europe> September CPI (F)</p>	<p>US> Initial jobless claims September existing home sales China> PBOC LPR release</p>	<p>Japan> September CPI</p>
24	25	26	27	28
	<p>US> October Conference Board Consumer Expectations Index</p>	<p>US> September new home sales</p>	<p>Korea> 3Q22 GDP (A) US> Initial jobless claims September durable goods orders (P) 3Q22 GDP (A) Europe> ECB MPC meeting</p>	<p>US> September PCE October Michigan Consumer Confidence (F) Japan> BoJ MPC meeting</p>
31				
<p>Korea> September mining and manufacturing production China> October manufacturing PMI October services PMI Europe> October CPI (P) Japan> September manufacturing production (P)</p>				

Note: 1) Figures in parentheses represent the latest reported figures, Bloomberg estimates and previous reported figures

in that order. For example: Data (actual reported figures, Bloomberg estimate, previous reported figures). Bloomberg estimates are subject to change 2) Earnings release date is from Bloomberg or company announcement
