

May 16, 2023



Research Center

Morning KISI/

- Research Company Update: Blue Bird, Tbk (BIRD)
- Market Commentary
- Macro Calendar

Research team

Edward A. Tanuwijaya | edward.t@kisi.co.id | Strategy, Banks, Coal, Real estate
Fahressi Fahalmesta | fahressi.f@kisi.co.id | Nickel, Transportation, Cement, Poultry
Nicholas Kevin Mulyono | nicholas.k@kisi.co.id | CPO, fertilizer
Ika Rahmawati | ika.r@kisi.co.id

Wilbert Ham | wilbert.h@kisi.co.id | Automotive, Telecommunication
Filia A Gladwyn | filia.a@kisi.co.id | Healthcare

Blue Bird Tbk (BIRD)

Higher ARPV to offset royalty charge

Royalty payment to start sooner-than-expected

During 1Q23 earnings call, BIRD's management mentioned that royalty payment will start to take effect in Aug-2023 or sooner than expected. Referring to the notes on financial statement, the trademark agreement with PCD (Pusaka Citra Djokosoetono) for the right to use the brand is 10 years or up until Nov-2023. However, it was an amendment to the agreement signed in late Jul2013; hence, the 10 years period has to be counted from this date. To account for this change, we revised up our FY23F royalty fee to IDR30 bn (previously from IDR6bn for only a month of royalty in FY23) using 5 months (from Aug to Dec2023) multiplied by 2% of FY23F revenue (assuming around 90% of total revenue utilized the brands).

Marginal impact in mid-term from dynamic pricing system

BIRD plans to apply dynamic pricing starting 2Q23, a system that uses an algorithm that allows the taxi operator to set higher fares according to the demand in certain areas, times, or available fleets. We view that this strategy should potentially optimize the revenue in the long run. However, at the moment, since it is still a pilot project, we believe the impact will only be marginal for some time. Note that, we have not incorporated the impact of a dynamic pricing system in our model.

Lower ARPV in Apr-2023 from Ramadan, yet revise up FY23F target

BIRD regular taxi ARPV in Apr2023 stood at IDR660k, a 4.9% MoM decline due to lower traffic during long holiday period (Ramadan). The utilization rate of regular taxis in Apr-2023 also dropped to 69.5% (vs 78.6% in Mar-2023), while the total number of fleets increased slightly by 1.1% MoM to 15,050 units. Nevertheless, we still see positive growth of regular and executive taxi ARPV this year by 4.7%/17.7%, respectively. Based on our calculation, 4M23 taxi revenue continues to surge by 46.6% YoY. Considering strong performance in 1Q23, we raised our FY23/24F regular taxi ARPV assumptions by 3.4%/3.4%, similar to company's ARPV expectations of IDR700-720k. Meanwhile, we left executive taxi ARPV projections unchanged.

Retain Buy call

As we adjusted upward FY23-24F regular taxi ARPV, incorporated royalty charges, as well as other income from advertising, we arrived at relatively the same FY23F operating profit assumptions, but these lifted FY23F operating profit by 3.0%. However, we maintain our Buy call with unchanged DCF based TP of IDR2,330/sh. The counter currently trades at 10.9x 23F PE and 0.8x 23F PB. We view if BIRD continue to show improving performance going forward on the back of the Company's initiatives, there will be room for upgrade. Key risk to our call include 1) More intense competition with other online ride-hailing 2) Lower-than-expected ARPV and utilization rate due to more aggressive net addition in fleets 3) Unfavorable changes in government regulation on transportation industry.

	2021A	2022A	2023F	2024F	2025F
Sales (IDR bn)	2,221	3,590	4,132	4,518	4,916
GP (IDR bn)	494	1,072	1,274	1,360	1,498
OP (IDR bn)	(16)	420	589	630	720
NP (IDR bn)	8	358	425	463	529
EBITDA (IDR bn)	432	868	1,089	1,150	1,264
Net debt (IDR bn)	(106)	(213)	181	82	(6)
OP margin (%)	-1%	12%	14%	14%	15%
ROE (%)	0%	7%	7%	8%	8%
Dividend yield (%)	2%	2%	3%	3%	3%
EPS (IDR)	3	143	170	185	211
chg. (% YoY)	-105%	4546%	19%	9%	14%
BPS (IDR)	2,057	2,139	2,275	2,423	2,592
DPS (IDR)	29	34	37	42	45
PE (x)	N/A	12.8	10.8	9.9	8.7
PB (x)	0.9	0.9	0.8	0.8	0.7
EV/EBITDA (x)	10.9	5.5	4.0	3.9	3.6

Company Update

Transportation

May 15, 2023

12M rating **BUY (Maintain)**
12M TP **IDR 2,330**
Upside **+27.3%**

Stock Data

JCI (May 12)	6,707
Stock price (May 12, IDR)	1,830
Market cap (IDR bn)	4,578
Shares outstanding (m)	2,502
52-week high/low (IDR)	1,950/1,150
6M avg. daily turnover (IDR bn)	6.9
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 (%)	12.7	9.9	54.2
Relative to JCI (%p)	13.1	16.5	53.9

BIRD share price



Source: Bloomberg

Fahressi Fahalmesta

fahressi.f@kisi.co.id

Market Commentary

Market Commentary

- JCI was slightly higher at the close Monday, maintained to close above the 6700 level helped by late buying action in big cap stocks, tracking regional and US futures that moved higher as investors assess US debt-ceiling talks.
- Deep buying action in most big cap stocks offsetting the continued pressures in most commodity stocks. While rotational-to-consumer stocks also keep most consumer stocks afloat.
- Regional equities inched up and US futures turn higher as investors braced for the release of China's industrial and retail data while awaiting a host of US Fed officials to speak to vindicate market pricing of rate cuts this year.
- The market was traded mixed with Consumers, Industrials, and Healthcare, and Infrastructures were among today's gainers. While Energy, Tech, and Energy were the lags.
- RUPIAH +0.34% at 14,800 against USD.
- Big cap stocks were largely higher at the close, reversing from early losses as global stocks moved higher as US tensions ease. ASII IJ +2.01%, BMRI IJ -1.00%, BBRI IJ 0.00%, TLKM IJ 0.00%.
- Consumers hold the gains as rotation to consumer stocks continued led by retailer stocks. ACES IJ +5.61%, MAPI IJ +3.90%, MAPA IJ +3.65%.
- MAPA (+3.65%) gaining the most on its plans 10 for 1 stock split, seeks shareholder's approval on June 20 AGM.
- Poultry stocks outperform after Indonesia makes the first-ever export of live chicken to Singapore. CPIN IJ +6.01%, JPFA IJ +5.86%, MAIN IJ +0.96%.
- Commodity stocks were mixed at the close, with energy-related stocks remaining under pressure amid weak global demand. While metals were higher led by MDKA IJ +1.57% on share's buyback plans. ADRO IJ -3.62%, HRUM IJ -4.07%, MEDC IJ -2.69%.
- Top value were: BBRI (0,0%), TLKM (0,0%), BBKA (-0,2%)
- Top Gainers: ASII (+2,0%), CPIN (+6,0%), BMRI (+1,0%)
- Top Losers: BYAN (-2,8%), ADRO (-3,6%), BBNI (-1,1%)

News

Macroeconomic, Sector and Corporate News

- ISAT – To distribute IDR255.7/sh dividend (~3.3% yield). (Investor daily)
- PTRO – To distribute USD76mn dividend (~19% yield). (Bisnis)
- MDKA – Plans to allocate IDR600bn for shares buyback program of up to 120.6mn shares (0.5% of capital). AGM: 21Jun2023. (Bisnis)
- PALM - Plans to allocate IDR80.7bn for shares buyback program of up to 103.95mn shares (1.46% of capital). AGM: 21Jun2023.
- SRTG – To distribute IDR75/sh dividend (~4.2% yield). (Bisnis)
- SRTG – Allocates IDR150bn for shares buyback program until 30Jun2024 of up to 50mn shares (0.36% of capital). (Investor daily)
- SSIA – Booked 1Q23 marketing sales of IDR18.1bn (1ha land in Karawang). (Bisnis)
- TOTL – Booked ytd new contracts of IDR619bn (24% of its FY23 target). (Bisnis)

Outliers

Outlier Stocks

- Sharp Movers (Up) : SMIL (+34,8%), OKAS (+34,1%), HITS (+18,4%)
 - Sharp Movers (Down) : HAJJ (-10%), AWAN (-7%), PTMP (-6,9%)
-

Macro Calendar

May 16, 2023

Mon	Tue	Wed	Thu	Fri
1	2	3	4	5
Korea> Market closed (Labor Day) April trade balance April imports/exports yoy US> April Market manufacturing PMI (F) April ISM manufacturing PMI Japan> April Jibun Bank manufacturing PMI (F) China> Market closed through May 3 (Labor Day)	Korea> April CPI US> March job openings and labor turnover survey March manufacturing orders March durable goods orders (F) Europe> April Markit manufacturing PMI (F) April CPI (P) Japan> April monetary base	US> FOMC meeting (through May 4) April ADP employment chg. April Markit services/composite PMI (F) April ISM services PMI MBA mortgage applications Europe> March jobless rate Japan> Market closed through May 5 (Constitution Memorial Day, etc.)	Korea> April FX reserves US> March trade balance Initial jobless claims Continuing claims for unemployment insurance Europe> ECB MPC meeting March PPI April Markit services/composite PMI (F) China> April Caixin manufacturing PMI	Korea> Market closed (Children's Day) US> April jobless rate April non-farm payrolls April avg. hourly wages April economic activity participation rate Europe> March retail sales China> April Caixin services/composite PMI
8	9	10	11	12
US> March wholesale inventory mom (F) Japan> April Jibun Bank services/composite PMI (F)	US> NFIB small business optimism index China> April trade balance April imports/exports yoy April M2 money supply	Korea> April jobless rate US> April CPI MBA mortgage applications	US> Initial jobless claims Continuing claims for unemployment insurance April PPI China> April CPI/PPI Japan> March current balance	US> May U. of Michigan consumer confidence index (P) May U. of Michigan consumer expectation index (P) May U. of Michigan inflation expectations (P) Japan> April M2 money stock yoy
15	16	17	18	19
US> May New York manufacturing index Europe> March industrial production Japan> April PPI April machine tool orders (P)	US> April retail sales mom April mining and manufacturing production mom April facility utilization rate Europe> 1Q23 GDP (P) China> April mining and manufacturing production April retail sales	US> MBA mortgage applications April housing construction starts April building permits Europe> April CPI (F) Japan> 1Q23 GDP (P) March mining and manufacturing production (F) March facility utilization rate	US> Initial jobless claims Continuing claims for unemployment insurance April existing home sales May Philadelphia Fed economic outlook May economic leading index Japan> April trade balance April imports/exports yoy	Japan> March tertiary industry index mom April nationwide CPI
22	23	24	25	26
Korea> May imports/exports (May1-20) US> March Chicago Fed national activity index April Dallas Fed manufacturing activity index Europe> March construction production May consumer expectation index (P) OECD Economic Outlook Japan> March core machinery orders	US> April new home sales May Markit manufacturing PMI (P) May Markit services/composite PMI (P) Europe> May Markit manufacturing PMI (P) May Markit services/composite PMI (P) Japan> May Jibun Bank manufacturing PMI (P) May Jibun Bank services/composite PMI (P)	Korea> June BSI manufacturing/non-manufacturing index US> FOMC minutes release MBA mortgage applications Japan> April machine tool orders yoy (F)	Korea> BoK MPC meeting April PPI US> Initial jobless claims Continuing claims for unemployment insurance 1Q23 private spending 1Q23 GDP April pending home sales	US> April PCE April durable goods orders (P) April U. of Michigan consumer confidence index (F) April U. of Michigan consumer expectation index (F) April U. of Michigan inflation expectations (F) Japan> May Tokyo CPI May Tokyo core CPI
29	30	31		
Korea> Market closed (substitute holiday) US> Market closed (Memorial Day)	US> FHFA house price index mom May CB consumer expectation index May Dallas Fed manufacturing activity index Europe> May consumer expectation index (F) Japan> April jobless rate	Korea> April mining and manufacturing production US> MBA mortgage applications China> May NBS manufacturing PMI May NBS services/composite PMI Japan> April retail sales April mining and manufacturing production		

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