

Autopedia Sukses Lestari

Sector: Automotive

An Integrated Omni-Channel Auto Marketplace Giant

Unlocking the enormous potential in the used automotive marketplace

There are ~2.5mn unit sales of used cars (4W) as per 2019. However, it is surprising that Autopedia Sukses Lestari (Autopedia), being the largest used-automotive auction, only accounts a mere 1.5% of the whole used 4W sales in Indonesia. This portrays how fragmented is the used/second-hand auto transactions in Indonesia. It is worth noting that there are >20,000 of small & medium auto dealers in Indonesia. We believe with Autopedia's technology adoption, combined with its strong operational experience, the large potential in penetrating into Indonesia's fragmented and conventional used-auto transactions would be unlocked.

A 3-legged foundation: JBA, Caroline and Cartalog

Autopedia has 3 business segments which are online & offline auction (JBA), online marketplace & O2O showroom (Caroline) and listing & price engine (Cartalog). These 3 segments provide a strong foundation in creating a wider market and provide a variety of trading platforms. This means that individuals, auto-dealers or corporates can opt to sell their cars either via JBA or Caroline. Then these cars are sold by Autopedia to variety of buyers forming C2C, B2C, B2BC and C2B2C transactions. We believe that Autopedia's establishment of Caroline, an O2O car dealer (non-auction), is something that is already well thought of by the company as this venture would be significantly less of a risk compared to other O2O car dealers. The reason is that an O2O car dealer bears working capital risk (buy & sell, unlike an auction business where you take a fee from both parties). By Autopedia being the largest car auction, its Caroline O2O business would have the flexibility to sell its cars via multiple platforms (JBA, dealers, etc.). This 3-legged foundation makes Autopedia's business scalable, forms a high-entry barrier and makes it a low-hanging fruit to upsell and cross-sell products (e.g. insurance, auto-financing, etc.).

Strong growth ahead

We foresee ASL's net profit to increase from IDR17.5bn in 2021F to IDR120.7bn in 2025F (62% CAGR) as a result of increased revenue and improved profit margins on both JBA and Caroline. Caroline, which will begin operations in 2022, is expected to generate a positive bottom-line starting 2024F (NPM of 0.2%) as a result of rapidly growing revenue and improved business scale. Important assumptions include a 11% CAGR in 2022-25 for vehicles sold in JBA and a 64% CAGR for cars sold in Caroline (reaching 700 monthly cars sold in 2025F). As the O2O used car marketplace business begins to contribute to ASL's book in 2022, margins and ROE should adjust to a lower new normal level.

Valuation range (post-IPO): Rp2,964-3,856bn

We value PT Autopedia Sukses Lestari using the sum of the parts (SOTP), with JBA using the discounted cash flow (DCF) method (WACC 11.5%, LT growth of 5%), and Caroline using the EV/Sales multiple. We used a target EV/Sales of 0.9x (used for low-range) and 1.6x (used for high-range) for Caroline's valuation on its 2025F sales estimate, and then we discounted it back to 2022. Our target EV/Sales multiple is based on a discounted multiple of its Southeast Asia peers' (FY21F EV/Sales of 2.3x). As a result, we arrive at a post-IPO equity valuation for ASL of Rp2,964bn at the low end and Rp3,856bn at the high end, implying a 2022F EV/Sales of 4.4-5.9x and a 2022F EV/GMV of 0.5-0.6x.

Company Data

Year end Dec	2019	2020	2021F	2022F	2023F
Revenue (IDR bn)	154.2	187.8	177.1	591.3	1,026.5
Gross Profit (IDR bn)	122.2	149.1	146.8	186.7	239.1
Net Profit (IDR bn)	16.5	20.5	17.5	34.1	53.6
EPS (IDR)	1.7	2.0	1.4	2.7	4.2
EPS Growth	-56.6%	16.6%	-31.8%	94.8%	57.4%
EV/Sales (x)	16.8-22.6	13.8-18.6	14.6-19.7	4.4-5.9	2.5-3.4
P/E (x)	180-234	144-188	169-220	87-113	55-72
EV/EBITDA (x)	62.2-83.6	35.0-47.0	36.4-48.9	37.2-50.0	26.0-35.0
P/BV (x)	13.1-17.0	12.2-15.9	3.9-5.1	3.8-4.9	3.7-4.8

Richardson Raymond
richardson.raymond@trimegah.com

Willinoy Sitorus
willinoy.sitorus@trimegah.com

Kimberly Bianca
kimberly.bianca@trimegah.com

Income Statement

Year end Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Revenue	154.2	187.8	177.1	591.3	1,026.5
Gross profit	122.2	149.1	146.8	186.7	239.1
Operating profit	32.9	47.2	46.2	41.5	71.6
EBITDA	41.7	74.2	71.3	69.8	99.6
Interest income (expense)	9.3	7.3	0.4	16.8	15.9
Pretax profit	40.3	52.7	44.9	56.4	85.1
Tax expense	(13.7)	(12.1)	(10.3)	(12.4)	(18.7)
Minority interest	(10.2)	(20.1)	(17.1)	(9.9)	(12.8)
NPATMI	16.5	20.5	17.5	34.1	53.6

Balance Sheet

Year end Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Cash	142.3	118.1	662.7	399.6	392.6
Trade receivables	39.0	45.0	38.8	56.0	74.7
Inventory	-	-	-	44.7	80.6
Net fixed asset	26.6	30.9	144.8	167.4	186.0
Other assets	121.6	219.2	285.7	294.4	301.0
Total assets	329.6	413.2	1,132.0	962.1	1,035.0
Trade payables	-	-	-	-	-
Short-term debt	-	-	-	-	-
Long-term debt	-	-	225.0	-	-
Others	103.3	171.0	150.8	182.4	224.9
Total liabilities	103.3	171.0	375.8	182.4	224.9
Shareholder's equity	155.7	163.7	729.4	750.1	777.6
Minority interest	70.6	78.6	26.8	29.5	32.5
Total equity	226.3	242.3	756.2	779.6	810.1

Cash Flow

Year end Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Net profit	16.5	20.5	17.5	34.1	53.6
Depreciation	8.8	27.0	25.1	28.2	28.0
Changes in working capital	14.4	68.5	(18.6)	(47.6)	(26.6)
Operating cash flow	39.7	116.1	24.0	14.7	55.1
Capital expenditure	(71.3)	(58.6)	(140.3)	(44.4)	(41.4)
Others	(42.1)	(77.1)	(60.5)	2.2	2.6
Investing cash flow	(113.5)	(135.8)	(200.8)	(42.2)	(38.8)
Net change in debt	-	-	225.0	(225.0)	-
Changes in equity/capital	93.5	-	563.9	-	-
Dividend	-	(12.8)	(15.9)	(13.5)	(26.4)
Others	69.2	8.2	(51.5)	2.9	3.2
Financing cash flow	162.7	(4.5)	721.4	(235.7)	(23.2)
Net cash flow	88.9	(24.2)	544.6	(263.1)	(7.0)
Cash at BoY	53.4	142.3	118.1	662.7	399.6
Cash at EoY	142.3	118.1	662.7	399.6	392.6

Ratio Analysis

Year end Dec	2019A	2020A	2021F	2022F	2023F
Profitability					
Gross margin	79.2%	79.4%	82.9%	31.6%	23.3%
Operating margin	21.3%	25.1%	26.1%	7.0%	7.0%
EBITDA margin	27.0%	39.5%	40.3%	11.8%	9.7%
Net margin	10.7%	10.9%	9.9%	5.8%	5.2%
ROA	8.1%	5.5%	2.3%	3.3%	5.4%
ROE	10.6%	12.5%	2.4%	4.5%	6.9%
Solvency					
Net debt to equity (x)	-	-	-	-	-
Net debt to EBITDA (x)	-	-	-	-	-
Interest coverage ratio (x)	-	27.7	17.7	13.2	19.0
Efficiency					
Receivable days*	92	87	80	35	27
Inventory days	-	-	-	43	38
Payable days	-	-	-	-	-

*receivable days calculated using revenue not GMV

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Company Background

PT Autopedia Sukses Lestari (Autopedia) is an omnichannel automotive platform company. ASL's main businesses are automotive auctions, a digital automotive marketplace, and an AI-based automotive pricing engine. ASL is a part of PT Adi Sarana Armada Tbk (ASSA), a leading car rental and logistics company in Indonesia.

SWOT Analysis

Strength

The largest used car auction company with 40% market share

Weakness

Caroline does not have the first mover advantage in online automotive marketplace

Opportunity

Growing automotive industry and vast opportunities in 2 new businesses, Caroline and Cartalog

Threat

Economic slowdown and lack of technology infrastructure

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Investment Thesis

There are ~2.5mn unit sales of used cars (4W) as per 2019. However, it is surprising that Autopedia Sukses Lestari (Autopedia), being the largest used-automotive auction, only accounts a mere 1.5% of the whole used 4W sales in Indonesia. This portrays how fragmented is the used/second-hand auto transactions in Indonesia. It is worth noting that there are >20,000 of small & medium auto dealers in Indonesia. Moreover, the approximate used car sales to new car sales ratio in 2020 was 3:1, implying that nearly three used cars were sold for every new car sold. We estimate that the approximate total addressable market for used vehicle could reach as big as IDR565.8tn in 2019, implying ~1.5x new auto sales (Figure 1). Now, the used vehicle market is transitioning to a transactional marketplace, with online marketplaces connecting sellers, buyers, car dealerships, and its supporting services to solve the problems and bring efficiency and convenience process to all. We believe with Autopedia's technology adoption, combined with its strong operational experience, the large potential in penetrating into Indonesia's fragmented and conventional used-auto transactions would be unlocked.

PT Autopedia Sukses Lastari Tbk has a vision to become the most trusted omnichannel automotive marketplace in Indonesia with its 3 business segments, which are online & offline auction (JBA), online marketplace & O2O showroom (Caroline), and listing & price engine (Cartalog). These 3 segments provide a strong foundation in creating a wider market and provide a variety of trading platforms. This means that individuals, auto-dealers or corporates can opt to sell their cars either via JBA or Caroline. Then these cars are sold by Autopedia to variety of buyers forming C2C, B2C, B2BC and C2B2C transactions. We believe that Autopedia's establishment of Caroline, an O2O car dealer (non-auction), is something that is already well thought of by the company as this venture would be significantly less of a risk compared to other O2O car dealers. The reason is that an O2O car dealer bears working capital risk (buy & sell, unlike an auction business where you take a fee from both parties). By Autopedia being the largest car auction, its Caroline O2O business would have the flexibility to sell its cars via multiple platforms (JBA, dealers, etc.). This 3 legged-foundation makes Autopedia's business scalable, forms a high-entry barrier and makes it a low-hanging fruit to upsell and cross-sell products (E.g. insurance, auto-financing, etc.). Going forward, Autopedia has set up a variety of strategies to achieve rapid and sustainable business growth. One of the strategies is to increase sources of cars and motorcycles from individuals (C2B) and smaller businesses (B2B) with a purpose to have a bigger business scale. To be able to do so, ASL will broaden its partnerships with used auto dealers and execute geographic expansion of networks and hubs by also leveraging its JBA network across Indonesia (34 sites).

The main drivers of ASL's strong growth are increasing used vehicle sales at JBA and Caroline, which are supported by a strong recovery in Indonesia's automotive sector and a shift to online car marketplaces. We expect ASL's revenue to grow at an 85.5% CAGR over the next four years (2021F-2025F) to IDR2.1tn, with Caroline contributing the most with IDR1.8tn and JBA contributing IDR315bn (Figure 28). Caroline has a 100% take rate for its sold used car units (avg. price of IDR200mn per car), whereas JBA only takes an auction fee from successful vehicles sold (~4% take rate). We foresee ASL's net profit to increase from IDR17.5bn in 2021F to IDR120.7bn in 2025F (62% CAGR) as a result of increased revenue and improved profit margins on both JBA and Caroline. Caroline, which will begin operations in 2022, is expected to generate a positive bottom-line starting 2024F (NPM of 0.2%) as a result of rapidly growing revenue and improved business scale. Important assumptions include a 11% CAGR in 2022-25 for vehicles sold in JBA and a 64% CAGR for cars sold in Caroline (reaching 700 monthly cars sold in 2025F). As the O2O used car marketplace business begins to contribute to ASL's book in 2022, margins and ROE should adjust to a lower new normal level.

We value PT Autopedia Sukses Lestari using the sum of the parts (SOTP), with JBA using the discounted cash flow (DCF) method (WACC 11.5%, LT growth of 5%), and Caroline using the EV/Sales multiple. Our low and high valuation ranges are distinguished by a different target EV/Sales multiple that we use for Caroline valuation. We used a target EV/Sales of 0.9x (used for low-range) and 1.6x (used for high-range) for Caroline's valuation on its 2025F sales estimate, and then we discounted it back to 2022. Our target EV/Sales multiple is based on a 60% (low-range)/30% (high-range) discount on multiple of its Southeast Asia peers' (FY21F EV/Sales of 2.3x). As a result, we arrive at a post-IPO equity valuation for ASL of Rp2,964bn at the low end and Rp3,856bn at the high end, implying a 2022F EV/Sales of 4.4—5.9x and a 2022F EV/GMV of 0.5-0.6x.

Risk Analysis

Company specific risks

- **A strong and well-known brand might take some time to build.** Given the customer-targeting business model (online and O2O showroom for used car business—Caroline), strong brand equity is one of the most important factors to reassure and encourage potential buyers to make the decision to make an online used-car purchase. We do believe that building one is not an easy task.
- **Softer execution in the new online automotive marketplace business.** Caroline is not the first mover into the online automotive marketplace, which means it has some lags in operating time compared to its more established competitors. Due to its different business targets (customer-facing), tight competition, or an overly conservative approach in operation and marketing strategy, the company may deliver a softer execution in performance and growth in the new online business (Caroline), particularly in the early running period.
- **Sustainable traffic growth might depend on continuous effective marketing.** Caroline may discover that it requires strong marketing on its new brand in order to gain traction and momentum. In the early stages, a high burn rate, particularly on the marketing side, may reduce profitability. We do believe, however, that ASL will eventually strike a balance between cost-effective marketing and operations and business growth.
- **High dependency on used car vehicles supplied by leasing companies.** ASL's auction segment (JBA), the major supplier of used cars remains from leasing companies (>70%). It is worth noting that leasing companies might have their own business seasonality that is cyclical in nature and follows the macro and industry trends. Having said that, given the high contribution percentage, this could create high fluctuations in the number of vehicles sold in the auction business, especially for 2W.

Macro and industry risks

- **Macroeconomic sensitivity.** Significant and sudden changes in the macro environment might affect consumers' willingness to purchase vehicles, and it may have an impact on ASL's ability to drive transactions on the demand side. It includes high inflation, an increase in interest rates, and another significant COVID-19 wave. On the other hand, a better macroeconomic backdrop may improve leasing customers' repayment ability and reduce the supply of repossessed vehicles, but this may be offset by sourcing them from B2C and C2C businesses (Caroline).
- **A weaker than expected new car sales recovery may also affect used vehicle demand.** Despite the fact that used car sales should be less volatile, the trend in used vehicle sales tends to follow the trend in new vehicle sales. If new vehicle sales are pressured by macroeconomic factors such as purchasing power, fluctuating commodity prices, and interest rates, used vehicle sales are likely to follow suit. New vehicle models, changes in taxation schemes, and changes in automotive-related regulations are among the other factors.

Industry Outlook

Used Car Market in Indonesia

In Indonesia, the approximate used car sales to new car sales ratio in 2020 was 3:1, implying that nearly three used cars were sold for every new car sold. As an example, in 2019, 1 million 4W units were sold and 6.5 million 2W units were sold, for a total sale of IDR377.2tn (assuming an avg. unit price of IDR 250mn for 4W and IDR18mn for 2W). With 3x the size of new auto sales turnover and assuming 5 years of average used car sold at 50% of its initial value, we estimate the total addressable market for used vehicles could be worth up to IDR565.8tn, implying 1.5x new auto sales (Figure 1). Despite its massive market size, the market's players are highly fragmented, with brick-and-mortar stores still accounting for 99.8% of vehicle sales. According to ASL, there are over 20,000 small and medium-sized automotive dealers in Indonesia. This opens up enormous opportunities for new players in the sector, particularly an omnichannel automotive platform like ASL that connects all stakeholders in a more efficient and convenient manner.

Figure 1. Estimated Used Automotive Sales

Automotive Type	Units sold in 2019 (in million)	Avg. unit price (IDR mn)	Total (IDR tn)
2W	6.5	18.0	116.8
4W	1.0	250.0	260.4
Total new automotive sales turnover			377.2
Used car : new car sales ratio (x)			3.0
Average age of used car sold (year)			5.0
Depreciated value estimate (valued at 50% of cost at year-5)			50%
Estimate of used automotive turnover			565.8

Source: Trimegah Research

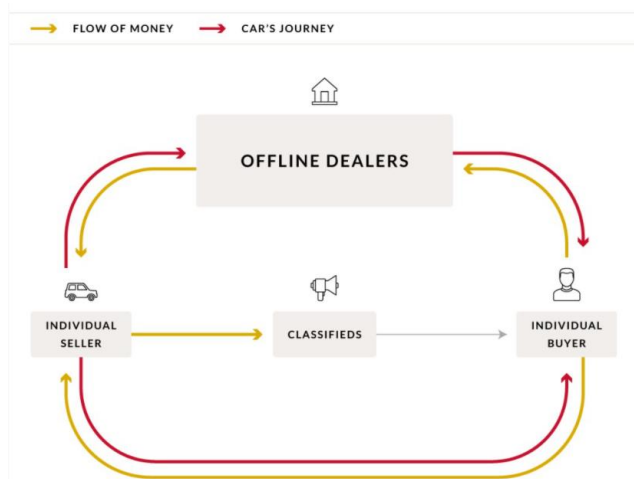
Figure 2. Common Offline Used Car Dealer in Jakarta



Source: Google, Trimegah Research

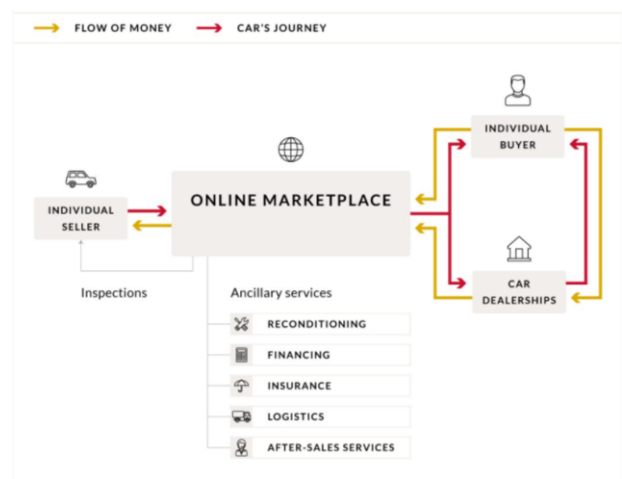
In the traditional marketplace (Figure 3), a used vehicle owner who wanted to sell their asset would either list its vehicle on a listing site/social media to find potential buyers, or visit several showrooms to see who bid the best prices. Most of the time, the process is inconvenient, time-consuming, and inefficient. Frequently, sellers end up selling their vehicle for less than the fair/best price. Not to mention the time which could take days to weeks. Dealers, on the other hand, have a limited supply of used cars and must conduct their own vehicle inspection and appraisal to determine the price. While from buyer's perspective, finding the right used car to buy and inspecting its condition can be a daunting task. **Now, the market is transitioning to a transactional marketplace, with online marketplaces connecting sellers, buyers, car dealerships, and its supporting services to solve the problems and bring efficiency and convenience process to all.**

Figure 3. Traditional Marketplace



Source: Trimegah Research

Figure 4. Transactional Marketplace



Source: Trimegah Research

The Shift to Online

The used car market is shifting online, and some major players are aiming to become "authorized" used vehicle dealers. They also collaborate with other supporting services (financing, insurance, after-sales, etc.) to provide the same experience as purchasing a new vehicle. On the other hand, some marketplaces choose to provide the supporting services on their own, thus expanding their business units into an ecosystem. The idea arose from the realization that no brand or name associated with used cars is relevant to today's people.

In terms of flow (Figure 4), an online used car marketplace sources its used car supply from individual sellers (customers) and provides instant payment for the assets at a fair price after a thorough inspection process is completed. A data center/price engine is used by some online auto marketplaces to support price discovery based on data analytics. After determining the suggested price and reaching an agreement with the seller, the used vehicle can be purchased by the online marketplace itself or by dealer-partners who work with them. The online marketplace or the dealer-partner can then resell the vehicle to a potential buyer with a profit. To facilitate transactions, online used car marketplaces channel potential buyers with financing, insurance, and after-sales services while having additional margin from it.

Overall, the online marketplace creates a win-win scenario for used vehicle sellers, buyers, and dealers. From the buyer's side, plentiful of quality-vehicle choices, added by supporting financing/warranty options in one place is surely more efficient in shortening the time for the overall vehicle transactions. While sellers benefit from the hassle-free process and near-instant transaction, they also get a fair price for their vehicle. Dealers, on the other hand, benefit from an increased supply stream for their business without the need to inspect the vehicle.

Figure 5. Main Reason to Acquire Next Vehicle via a Virtual Process

Main reason to acquire next vehicle via a virtual process	
	Total
Convenience	27%
Ease of use	19%
Avoid going to a dealer	1%
Necessity	22%
Speed of transaction	33%

Source: Deloitte 2021 Global Automotive Consumer Study

Figure 6. Reasons for Not Wanting to Use a Virtual Process

Reasons for not wanting to use a virtual process	
	Total
Build service relationship	27%
Discomfort buying online	43%
Getting questions answer..	34%
Negotiate in person	47%
Personal contact for problems	28%
See the vehicle	79%
Test-drive the vehicle	63%
Treated as valuable customer	20%

Source: Deloitte 2021 Global Automotive Consumer Study

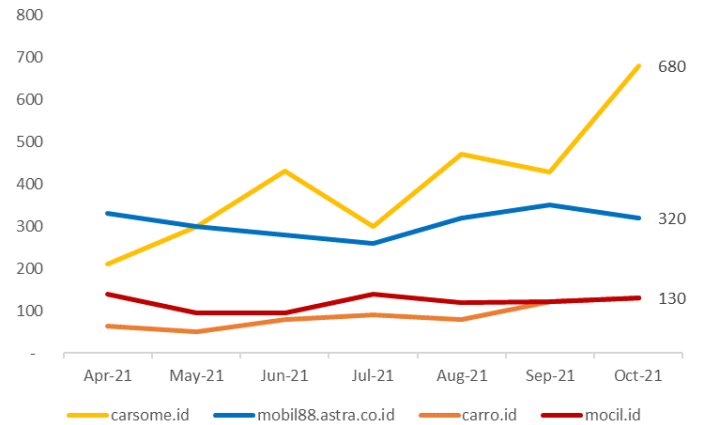
It is worth noting that even the online used car platform needs to have both an online and an offline presence. Since auto purchasing is considered a large-ticket item, the buyer requires sound and solid confirmation for their purchase decision, which includes an offline experience. Figures 5 and 6 depict the reasons for and against acquiring a vehicle through a virtual/online process. Speed of transaction and convenience are the top-2 reasons to use the online services, while physical (offline) inspection and test drive are the top-2 reasons for choosing offline services. In the future, we believe that online auto platforms, with all of the services and value they provide to customers, will gradually increase consumer trust in online transactions and influence them to sell or purchase vehicles through online platforms.

Figure 7. Caroline's Dealer in WTC Mangga Dua, Jakarta (Online and Offline Presence)



Source: Company, Trimegah Research

Figure 8. Online Auto Marketplace Web Traffic (Total Visits in Thousand)



Source: similarweb.com, Trimegah Research

Auto Marketplace Peers Comparison

In Indonesia, there are several online automotive marketplaces, but not all of them pursue the same business model; some, such as Olx.co.id, Oto.com (a subsidiary of Cardekho), mobil123.com, carmudi.co.id, and momobil.id, are simply online listing platforms. Individual sellers (customers) and dealers could list their vehicles on the site, which connects them to potential buyers. The marketplace is also partnering with multi-finance companies and insurance companies to support the transaction while having some fees from its service.

On the other hand, Caroline, OLX Autos, Carro, Carsome, and mo881.com offer to buy directly from individual sellers and provide customers with an instant payment for their used car or channel it to their dealer-partner. They can also sell some of the customer's purchased cars to the other customer. Some of them (Caroline, Carro, and Carsome) are also aiming to be the "authorized" dealer for used cars, while also collaborating with a financing company, an insurance company, and others to support the entire ecosystem as well.

It is worth noting that in the online used car space, critical parameters such as vehicle certification and authentication, availability, quality and price, number of dealer-partners, and added-value services such as financing, insurance, and after-sales service are some of the critical parameters on which companies compete. We attempted to list some of the Indonesian used car marketplace players, as well as the services and features they provide (Figure 9).

ASL ecosystem provides unique and strong competitive advantage compared to its peers

ASL has a complete ecosystem consisting of JBA, Caroline, and the soon-to-be launched Cartalog. JBA, as the largest auction house in Indonesia, and Caroline, as an online auto marketplace that mainly targets individual retail customers, are actually complementing each other and resulting in an integrated ecosystem. It is evident from the combined supply chain that the cars purchased by Caroline can be potentially sold in JBA, which significantly reduces the company's inventory risk. An AI price engine (Cartalog) that is used for a fair appraisal in both JBA and Caroline also signifies that each business segment in ASL is one whole comprehensive unit. A good price discovery process is one of the most crucial factors in determining a fair price for the customers and the company. Hence, there is no direct competitor that has a similar ecosystem to ASL in Indonesia. Usually, auto players are either engaged in vehicle auctions only or in online auto marketplaces as a standalone.

Figure 9. Online Automotive Marketplace Comparison

	Caroline	OLX Autos	Carro	Carsome	Mo88i	Mocil.id
Networks						
Dealer partnership	30000	2000+	1000+	4500+	N/A	15
Mobile application	Yes	Yes	-	Yes	Yes	-
Offline networks (Location)	41*	100+	13	33	21	1
Own an auction house/related party	JBA (Indonesia's largest)	-	-	Lelang Universal (small)	ibid (#2 largest)	-
Offline showroom	Yes	Yes	Yes	Yes	Yes	Yes
Listing Site	Yes (Caroline and Cartalog)	Yes (OLX)	-	-	-	-
E-commerce channel	-	-	Tokopedia, Blibli, JD.id	Shopee	-	-
Features						
Price discovery using data	Yes	Yes	Yes	Yes	Yes	Yes
Instant Pay to Seller	Yes	Yes	Yes	Yes	Yes	-
Tradein cars	Yes	Yes	Yes	Yes	Yes	Yes
Type of purchase						
Direct purchase	Yes	-	Yes	-	Yes	-
Dealer partner purchase	Yes	Yes	Yes	Yes	-	Yes
Products and Pricing						
Verified/certified car	Yes	Yes	Yes	Yes	Yes	Yes
Max. car age (years)	7	-	7	-	> 7	-
New Car Sales	Yes	-	-	-	-	-
Payment option						
Cash	Yes	Yes	Yes	Yes	Yes	Yes
Credit channeling	Yes	Yes	Yes	Yes	Yes	Yes
Guarantee						
Money back	3 months	7 days	7 days	5 days	Yes	N/A
Engine and transmission	3 months	30 days	6 months	1 year	3 months	N/A
Air Conditioner	3 months	-	-	1 year	3 months	N/A
Buy back	3 years	1 years	-	-	Yes	N/A
Documents	3 months	-	-	-	1 year	N/A
Extended warranty	Yes	-	Yes	Yes	-	N/A
Convenience						
Home inspection	Yes	Yes	Yes	Yes	Yes	-
Home test drive	Yes	Yes	Yes	-	Yes	-
Car delivery	Yes	-	-	Yes (in 100km)	Yes	Yes
Care facility	Yes	Yes	-	-	-	-
24/7 Assistance	Yes (Carsistant)	-	Yes	-	Mobicare	-
After-sale service	-	Yes (Shop&Drive)	-	-	-	-

*includes JBA's networks of 34 points across Indonesia

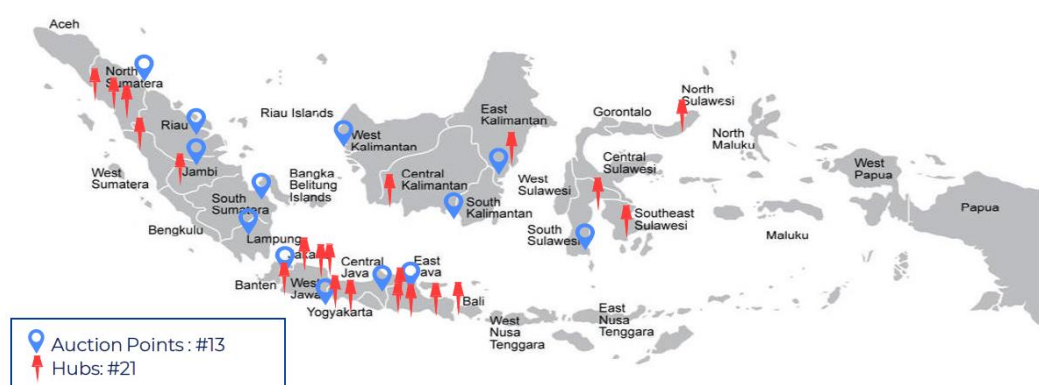
Source: Companies, Trimegah Research

Auto Auctions in Indonesia

The auto auction industry plays an important role in the automotive aftermarket, connecting buyers and sellers of used vehicles. Used vehicles are sold by dealers who have surplus inventory, rental car firms, other corporates, and big parts are from the finance companies selling repossessed or off-lease vehicles. Buyers, on the other hand, are largely broker/dealers looking to resell used cars in their shop. There are approximately 110 thousand cars auctioned yearly in Indonesia, or equivalent to ~10% of new cars in a year.

The auto auction market is highly concentrated. There are only a few players in automotive auctions in Indonesia. JBA claimed its title as the #1 largest automotive auction, sold 44,252 cars in 2020 with a market share of 40%. IBID (Astra owned) is the number two player, having auctioned off 28k cars in 2020. The top two participants accounted for ~65% of the whole car auction market. Going forward, we think both of them will become increasingly concentrated over time, driven by the increasing benefits of scale to buyers and sellers. Sellers are attracted to the auctions with the largest number of potential bidders. And as new vehicle sales grow, it benefits the selling platform with the greatest scale. JBA has 119 active leasing suppliers that supply used cars for its auction business, while on the other hand, it has a total buyer of ~30K, which 95% of it are used-car dealers.

Figure 10. JBA Has the Largest Auction Network Across Indonesia



Source: Company

In the auto auction industry, high margins meet with low capital intensity could drive strong free cash flow conversion and high financial returns. Working capital and capital expenditure needed are both limited, given that: 1) auction service providers typically do not take possession of a vehicle, acting only as an agent between the buyer and seller, thereby tying up little in the way of inventory; and 2) facility expenses are few, with capital expenditures apart from technology, limited to low-cost maintenance activities such as the lighting, paving, and fencing of auction yards and parking lots.

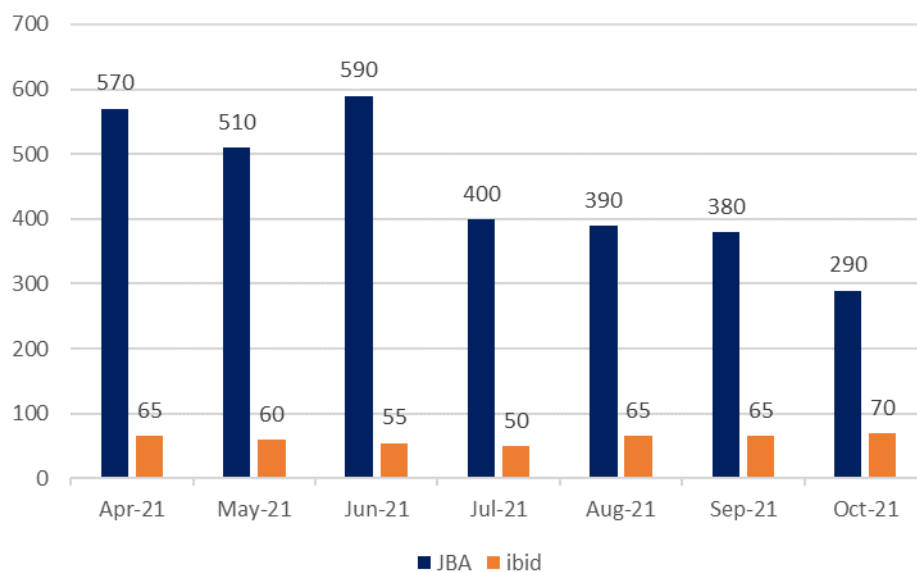
The auto auction market has high entry-barrier. The economics of car auctions are built from a good reputation, good internal control, good inspection procedure and standards, a trusted appraisal system, very strong network to buyers (E.g. dealers, etc.) and suppliers (E.g. leasing companies, etc.) and auction & parking yards that are located in big cities. ASL manages a total stockyard of 22ha, of which 4.5ha is owned by the company and 2.7ha is owned by ASSA, making it the largest among its peers.

Figure 11. Automotive Auction Comparison

Auctioned goods	JBA	IBID	Smartbid	Tribik
	Cars	Cars		
	Motorcycles	Motorcycles	Cars	Cars
	Heavy equipment (HVE)	Heavy equipment (HVE)	Motorcycles	Motorcycles
		Gadget		
Total vehicle (4W) sold in 2020	44,000	28,000	N/A	N/A
Total vehicle (2W) sold in 2020	75,000	N/A	N/A	N/A
Offline Auction	v	v	v	v
Online/Live Auction	v	v	v	v
Timed Auction		v		
Flash Auction		v		
Auto Bid feature		v		
Open house	v	v	v	v
Inspection at home		v		
Appraisal using real-time data	v	v		
Documents inspection	v	v		
Vehicle maintenance	v			v
Mobile app	v	v	v	v
Auction locations	13	10	5	5
Deposit for prospective bidders	IDR 5 mn for car IDR 1 mn for motorcycle N/A for HVE	IDR 5 mn for car IDR 1 mn for motorcycle IDR 5 mn for HVE IDR 200k for gadget	IDR 10 mn for car IDR 5 mn for motorcycle	IDR 5 mn (for car < IDR 300 mn) IDR 25 mn (for car > IDR 300 mn) IDR 1 mn for motorcycle
Administration fee for the winning bidder	IDR 2.0mn/car (for car < IDR 333 mn) 0.6% (for car > IDR 333 mn) IDR 500k/motorcycle (for motorcycle < IDR 50 mn) IDR 1.75 mn/motorcycle (for motorcycle > IDR 50 mn) N/A for HVE	IDR 2 mn/car IDR 250k/motorcycle IDR 3 mn/HVE IDR 250k/gadget	N/A	IDR2mn/unit
Max working days for winning bidder to pay	5	5	3	3
Payment period extention	v (Flexi Pay)			
Max working days for sellers to receive payment	6	N/A	N/A	N/A

Source: Companies, Trimegah Research

Figure 12. Monthly Total Visits (in Thousands) of Top-2 Automotive Auction Portals in Indonesia



Source: similarweb.com, Trimegah Research

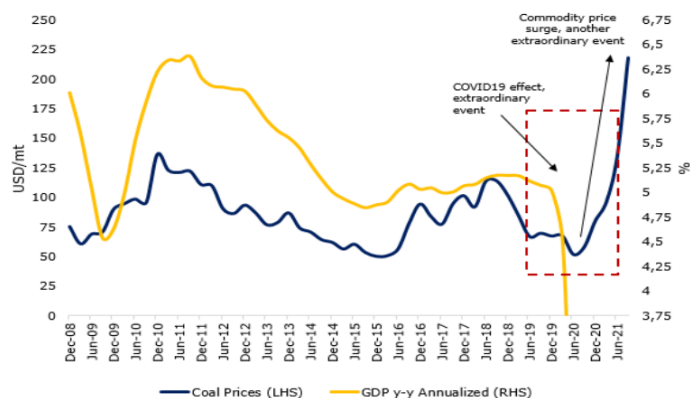
Exciting Recovery in Indonesia's Automotive Industry

Indonesia's automotive sector is set to have a strong and exciting recovery, driven by: 1) a strong economic recovery in parallel with decreasing Covid-19 cases and increasing vaccination rate have created a pent-up demand for the automotive sector, 2) high commodity prices that increase purchasing power of many Indonesians, 3) supportive tax scheme and low interest environment that support affordability, 4) Hybrid-EV trends and a wide variety of new car models with interesting features to be launched soon.

Our economist is optimistic about the Indonesian economy and forecasts GDP growth of 6.2% in 2022, owing to: 1) high commodity prices and a strong export outlook, 2) the possibility of a continuation of the current account surplus, 3) more flexible government spending as revenue is expected to soar. Given the positive-supportive Indonesia macroeconomic backdrop, we believe people are becoming more affluent and have greater consumer purchasing power, which will have a positive impact on rising vehicle sales and the vehicle ownership ratio. To note, one of the many factors reflecting the auto industry's potential growth is the low vehicle ownership ratio, with only 87 vehicles for every 1,000 Indonesians in 2019 (Figure 14). We can see a correlation between commodity prices (coal and CPO prices) and retail vehicle sales in Figure 15, which have all been trending upwards since 2Q20.

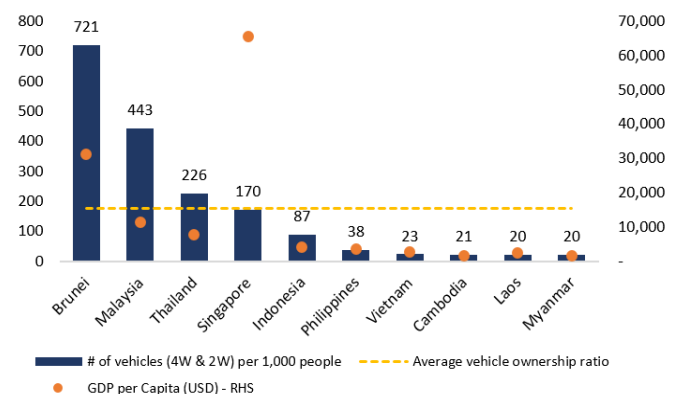
Furthermore, the outlook has remained positive due to the support of the BI 7-day Reverse Repo Rate (BI7DRR) of 3.5%, which has been stable since February 21 and is also the lowest point in the last 5 years. The BI7DRR serves as a benchmark for vehicle financing interest rates, and with 70% of people still relying on financing, the low interest rate will help people with installments while also naturally increasing overall automotive sales.

Figure 13. Coal Price and Indonesia GDP Growth



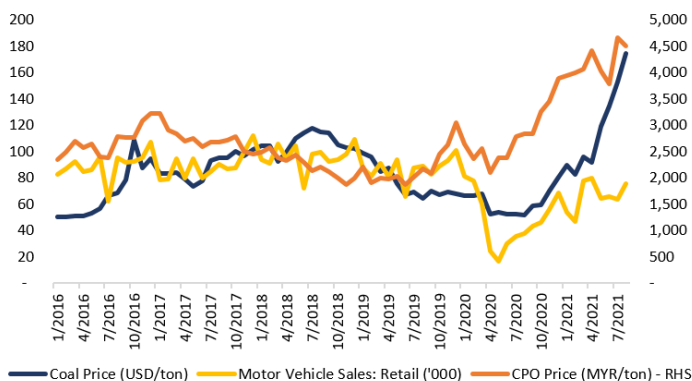
Source: CEIC, Trimegah Research

Figure 14. Vehicle Ownership Ratio vs. GDP per Capita (2019)



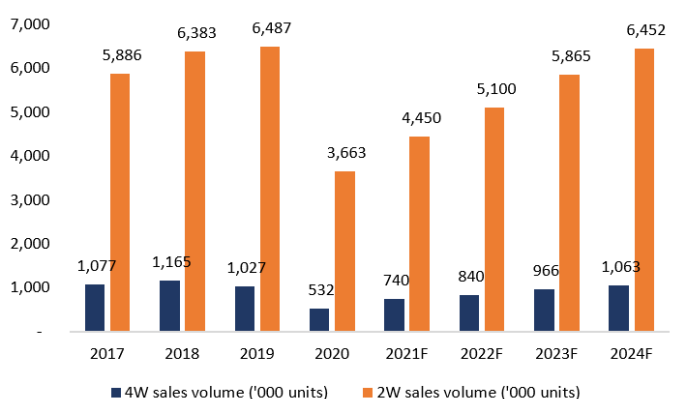
Source: Seasia.co, World Bank, Trimegah Research

Figure 15. Motor Vehicle Sales vs. Commodity Prices



Source: CEIC, Trimegah Research

Figure 16. 4W and 2W Sales Volume Forecast

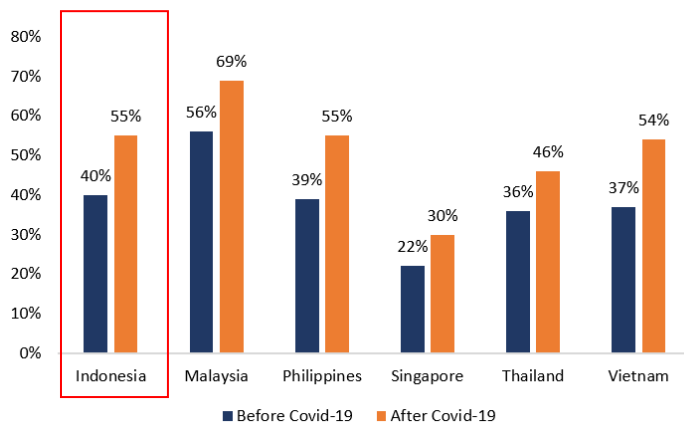


Source: Gaikindo, Trimegah Research

The Association of Indonesia Automotive Industry (GAIKINDO) anticipates that domestic car sales will exceed 800,000 units in 2021. To be specific, 9M21 4W wholesales (WS) totaled 628k units (+69% YoY), while 9M21 4W retail sales totaled 600k (+47.5% YoY). However, we maintain our conservative forecast for 4W WS sales in 2022F/2023F of 840k/966k (Figure 16). In total, we expect 4W sales volume to grow at a CAGR of 12.8% and 2W sales volume to grow at a CAGR of 13.2% between 2021 and 2024.

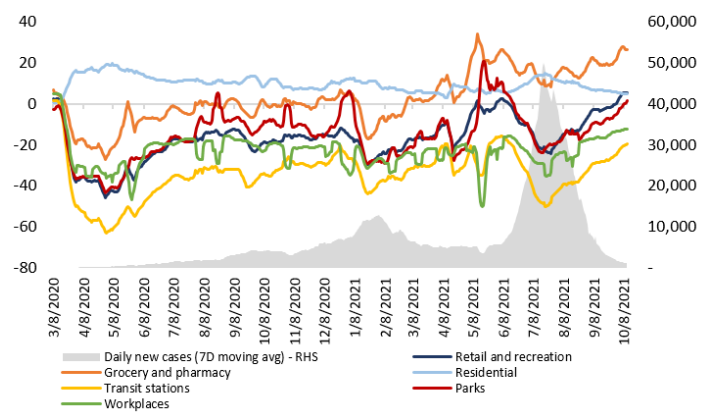
As we believe we might be near moving into the post-Covid-19 period, Indonesian people's preference for personal vehicles has shifted from 40% before Covid-19 to 55% after Covid-19 (Figure 17). On the other hand, ever since Indonesia's daily new Covid-19 cases started declining in July 2021, mobility trends have been increasing in all areas and it has automatically decreased in the residential areas (Figure 18). The current situation shows that people are not reluctant to do outside activities but still want maximum protection by using a personal vehicle as their transportation choice, which is a great sign for the automotive industry's outlook.

Figure 17. Preference for Personal Vehicle in ASEAN



Source: Deloitte, Trimegah Research

Figure 18. Indonesia Mobility Trends and Daily Covid-19 Cases (7D MA)



Source: Google Covid-19 Community Mobility Trends, Trimegah Research

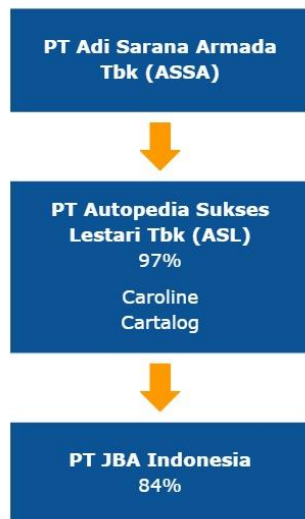
Company's Business Model and Management Strategy

Brief Introduction

PT Autopedia Sukses Lestari (ASL) is an omnichannel automotive platform company and a part of PT Adi Sarana Armada Tbk (ASSA IJ). On 15 February 2019, ASL acquired PT JBA Indonesia with 51% of share ownership. ASL plans to increase ownership in JBA to 84% by the end of this year. The conditional sales purchase agreement (CSPA) for the JBA stake has already been signed by ASL and the sellers, and the transaction is expected to be completed prior to the IPO.

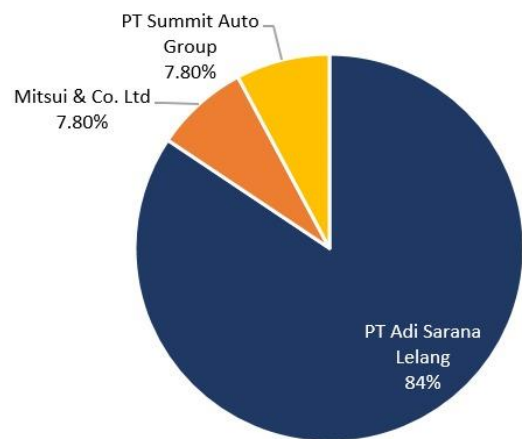
As an auction house business for two-wheeled and four-wheeled vehicles, JBA has the largest market share of 40% in Indonesia and has sold 120,000 units (4W and 2W) annually through its offline and online auctions. Until now, JBA has ~30,000 buyers and 119 active sellers. ASL is also in process of developing 2 new business lines, namely Caroline and Cartalog. Caroline is an automotive marketplace and online used car trade. Meanwhile, Cartalog is a car price engine that uses AI technology to generate a fair price of a vehicle. Going forward, ASL has a vision of becoming the most trusted omnichannel automotive marketplace in Indonesia.

Figure 19. PT Autopedia Sukses Lestari Ownership Structure



Source: Company, Trimegah Research

Figure 20. PT JBA Indonesia Share Ownership



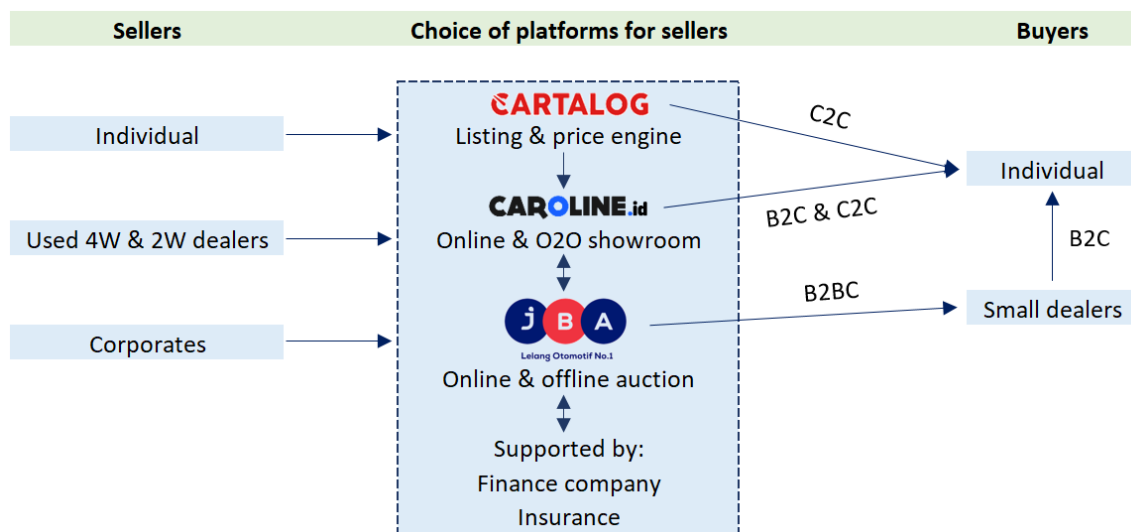
Source: Company, Trimegah Research

Business Model

Together, JBA, Caroline, and Cartalog build a solid business foundation.

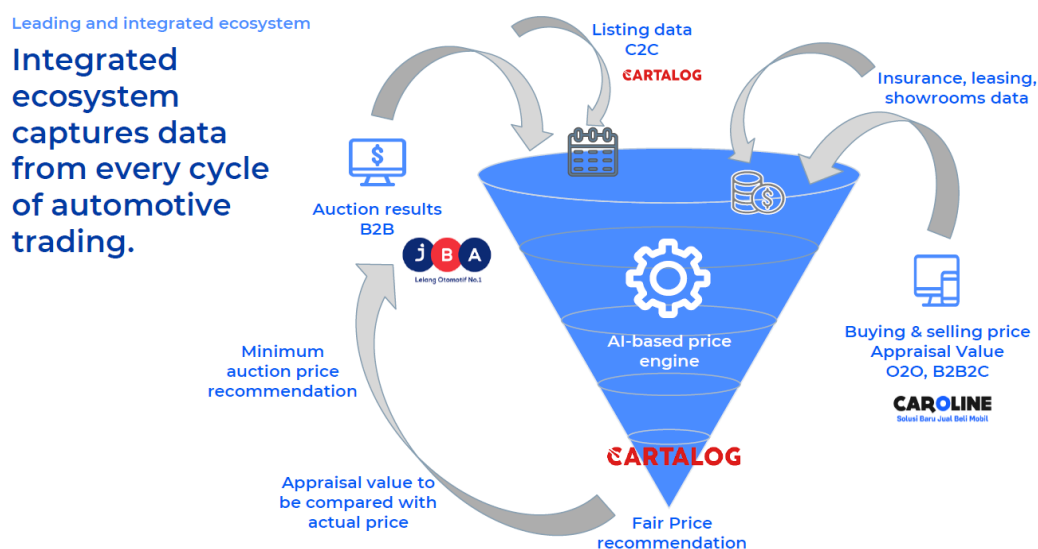
Autopedia has 3 business segments which are online & offline auction (JBA), online marketplace & O2O showroom (Caroline) and listing & price engine (Cartalog). These 3 segments provide a strong foundation in creating a wider market and provide a variety of trading platforms. This means that individuals, auto-dealers or corporates can opt to sell their cars either via JBA or Caroline. Then these cars are sold by Autopedia to variety of buyers forming C2C, B2C, B2BC and C2B2C transactions (Figure 21). By Autopedia being the largest car auction, its Caroline O2O business would have the flexibility to sell its cars via multiple platforms (JBA, dealers, etc.). This 3-legged foundation makes Autopedia's business scalable, forms a high-entry barrier and makes it a low-hanging fruit to upsell and cross-sell products (e.g. insurance, auto-financing, etc.).

Figure 21. Combined Business Model That Creates Ecosystem



Source: Company, Trimegah Research

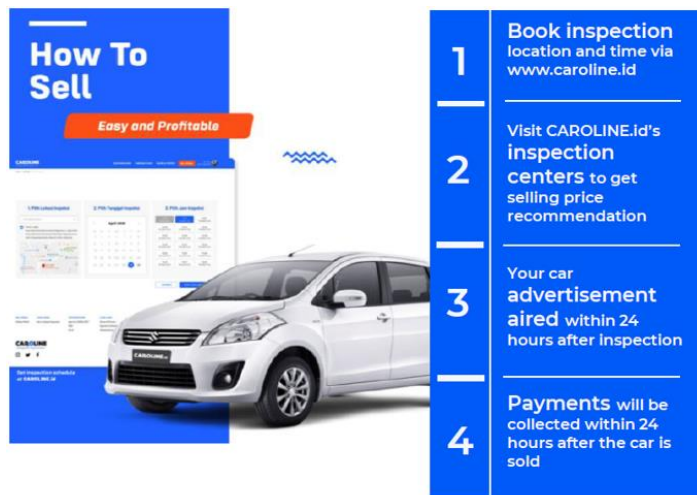
Figure 22. Data Flows Through the Ecosystem (Caroline, JBA, and Cartalog)



Source: Company

Caroline, in particular, sees it as more than just a typical automotive marketplace devoted solely to the listing of vehicles. Caroline offers customers an instant payment service by purchasing their used vehicles for inventories and reselling them at higher prices to both end customers and dealers. In more details, Caroline is split into two parts: Caroline Purchase and Caroline Selection. Caroline Purchase is a business that buys used cars from customers and sells them to dealer partners through JBA auctions, whereas Caroline Selection resells its inventory (used cars purchased from customers) to another end customer (non-dealer). Customers can choose to sell it to JBA for auction or sell it through Caroline Selection if the car is in good condition.

Figure 23. Caroline's Selling Process



Source: Company

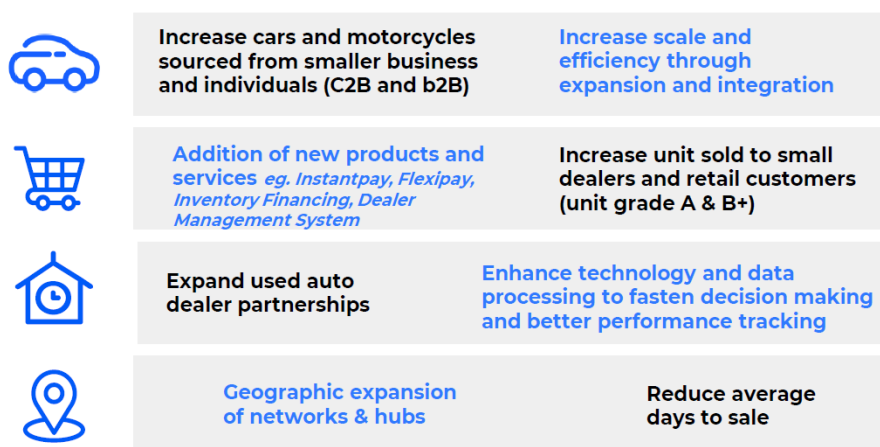
Figure 24. Caroline's Buying Process



Source: Company

Caroline's main sources of income are the margins from vehicle price differences and commission fees from financing channeling. The company stated that if car prices go up due to inflation, they will prioritize Caroline Selection as it will contribute more to revenue. However, if car prices experience a downward trend, the company will be more aggressive in Caroline Purchase since it has shorter inventory days and less risk. Having flexibility in its business is beneficial for the company since the automotive industry is cyclical.

Figure 25. ASL's Business Strategies



Source: Company

The company has set up a variety of strategies to achieve rapid and sustainable business growth. One of the strategies is to increase sources of cars and motorcycles from individuals (C2B) and smaller businesses (B2B) with a purpose to have a bigger business scale. To be able to do so, ASL will broaden its partnerships with used auto dealers and execute geographic expansion of networks and hubs by also leveraging its JBA network across Indonesia (34 sites).

On the other hand, ASL aims to further expand its new products and services, such as Instantpay, QuickPay, and Flexipay, to provide them with more margins. The features are expected to reduce the average days to sale and increase unit sold to small dealers and retail customers, particularly in selling used 4W and 2W with unit grade A & B+. JBA charges 0.5%/week for the InstantPay/QuickPay and FlexiPay features. Lastly, ASL highlights on advancing technology and data processing to support the company in accelerating the decision-making process, having better performance tracking, as well as having an integrated system.

Figure 26. JBA's InstantPay/QuickPay



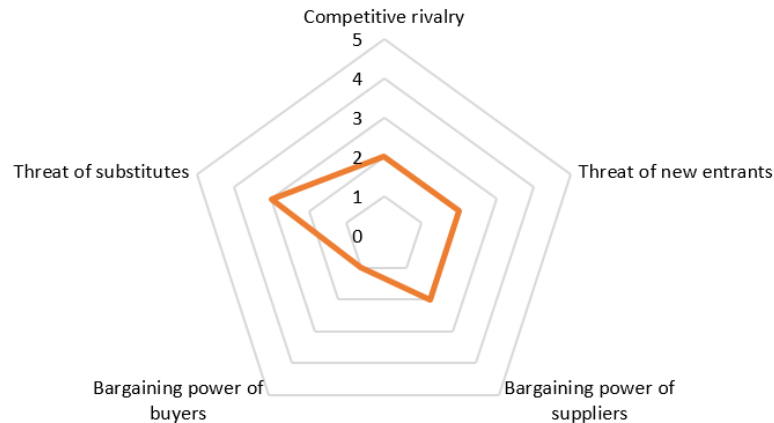
Source: Company

The next business phases: financing, appraisal, and brokerage.

For the next business phase, ASL saw huge opportunities in dealer & SME financing, automotive appraisal service, automotive brokerage service, and heavy equipment auction. Dealer & SME financing is similar to a pawn shop's business model that is expected to have rich margins. Last year, the pawn shop industry had IDR2tn profit and 15% of the contributor came from vehicles. For the automotive appraisal service, the target customer is leasing companies as they highly need the service. Meanwhile, the heavy equipment auction has already been executed but has not been developed aggressively. Furthermore, we believe that offering additional fintech services such as financing and insurance products is integral for online car marketplaces, as it also provides an additional margin. In the future, we believe the ecosystem will expand beyond the marketplace to include financing, insurance, and after-sales service for used car owners.

Porter's 5 Forces Analysis

Figure 27. Porter's 5 Forces



Source: Trimegah Research

1. Bargaining Power of Suppliers (Score: 2/5)

The suppliers in the used vehicle market are people aiming to sell their vehicles, which are dominated by finance companies selling repossessed or off-lease vehicles. Given its competitive advantage in scale and yard (JBA), sellers will be attracted to the auctions with the largest number of potential bidders. Furthermore, with Caroline in development, JBA will be reliant not only on business suppliers but also on consumer suppliers. In addition, the selling price of a vehicle in an auction or automotive marketplace is not determined by the supplier, but rather by ASL with its real-time data and price engine. Despite that, suppliers could call off the deal if they feel the prices are too low. Hence, the suppliers have no power over ASL's costs but can still determine the number of inventories JBA and Caroline have for sale.

2. Bargaining Power of Buyers (Score: 1/5)

On the other hand, the buyers in this industry are people looking to buy used vehicles. With the best price derived from the auction for JBA and a fixed price for Caroline, buyers will have no power to determine the unit price and auction fee (JBA). It is worth noting that in an auction, since every vehicle's condition is different, price competition will emerge among buyers, and the vehicle will be sold to whoever has the highest willingness to pay.

3. Threat of New Entrants (Score: 2/5)

To enter the automotive auction business, the cost is pretty low where it only arises to rent land, pay security, and employee salaries. Same goes to automotive marketplace that only focuses on listing. On the other hand, some automotive marketplace like Caroline will require higher costs to build inventory, which is cars and motorcycles. However, the expertise in running the auction operation is one-of-a-kind and requires local knowledge, whereas a good appraisal system makes the difference in being the industry leader.

4. Threat of Substitutes (Score: 3/5)

Due to the concentration of players in the automotive auction, the threat of substitutes is low, whereas it is high in the used car marketplace. There are numerous locations/channels for people to sell their used vehicles, such as 20,000 conventional dealers in Indonesia, automotive auctions, and auto marketplaces.

5. Competitive Rivalry (Score: 2/5)

The auction business has little competition, whereas the used vehicle marketplace has a lot. Caroline is not the first entrant into the online automotive marketplace, and its development lags behind that of its more established competitor. Other automotive marketplaces will compete on the basis of best customer experience, best price, strong branding, and additional value services such as product guarantee, insurance, financing options, and after sales service.

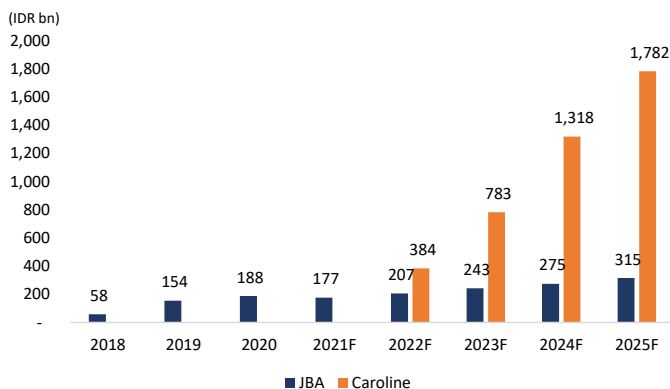
Financial Outlook

Profit & Loss

We expect ASL's revenue to grow at an 85.5% CAGR over the next four years (2021F-2025F) to IDR2.1tn, with Caroline contributing the most with IDR1.8tn and JBA contributing IDR315bn (Figure 28). Caroline has a 100% take rate for its sold used car units (avg. price of IDR200mn per car), whereas JBA only takes an auction fee from successful vehicles sold (~4% take rate). The main drivers of ASL's strong growth are increasing car sales at JBA and Caroline, which are supported by a strong recovery in Indonesia's automotive sector and a shift to online car marketplaces.

In the auction business, JBA's revenue is based on the assumption of total sold units of used car (4W) and used motorcycle (2W), as well as auction fees charged to the seller and buyer. After Caroline Purchase begins operations in 2022, JBA will also sell used cars from Caroline Purchase. JBA charges an auction administration fee to buyer and an auction fee per vehicle sold for seller. The current auction administration fee is IDR2.0mn/car sold and IDR500,000 for motorcycle. Meanwhile, the auction fee comes in percentage of the vehicle price, which is 2% for used 4W and 3% for used 2W. Going forward, we estimate the auction administration fee will increase by 2.5% per year for both categories and the auction fee will remain at the same level for 4 years ahead. Overall, we forecast JBA's revenue to grow by 15.5% CAGR in 2021-2025F.

Figure 28. ASL's Revenue Breakdown



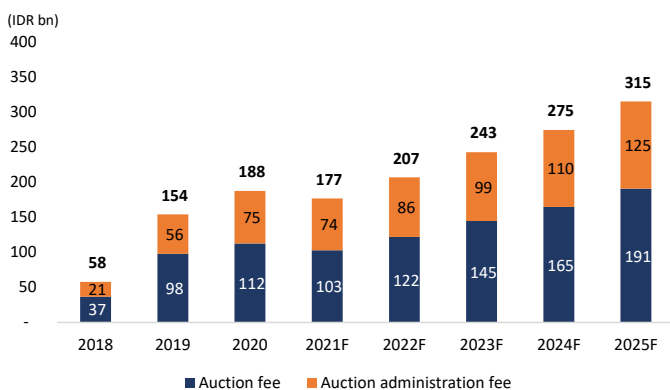
Source: Company, Trimegah Research

Figure 29. ASL's GMV Breakdown



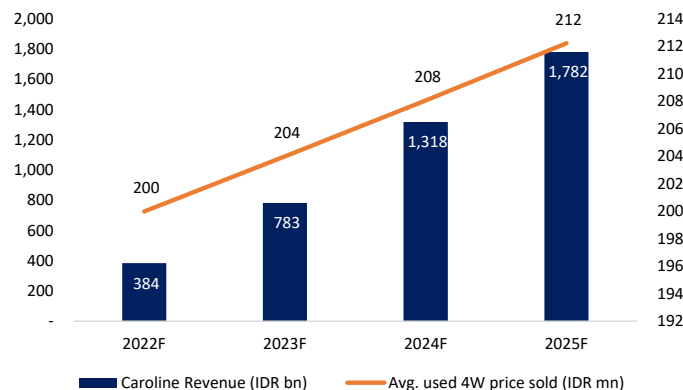
Source: Company, Trimegah Research

Figure 30. JBA's Revenue Breakdown



Source: Company, Trimegah Research

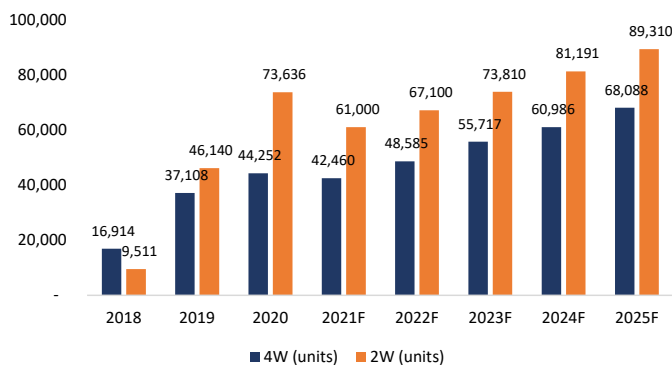
Figure 31. Caroline's Revenue Forecast



Source: Company, Trimegah Research

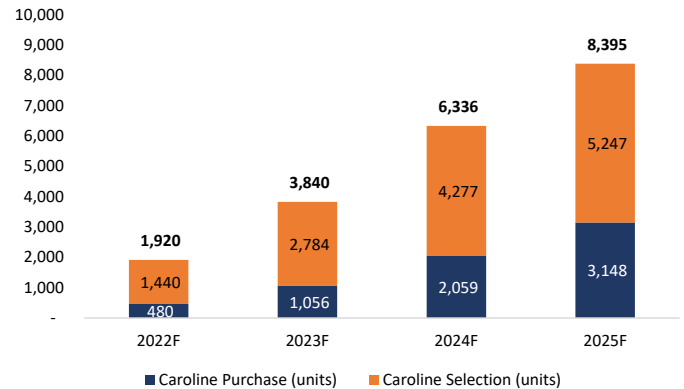
Caroline will begin operations as soon as early 2022. Caroline's business model entails buying used vehicles from customers and reselling them at higher prices to other customers (Caroline Selection) and small dealers (Caroline Purchase). Caroline then records the total of used vehicle sell prices as revenue. Caroline's revenue is thus significantly higher than JBA's, which is solely based on fees. In terms of proportion, the company expects Caroline Selection to contribute 75% of total sales volume and Caroline Purchase to contribute 25%. Caroline Purchase's contribution, on the other hand, is expected to grow in the coming years.

Figure 32. JBA's Total Unit Sold



Source: Company, Trimegah Research

Figure 33. Caroline's 4W Unit Sold Forecast

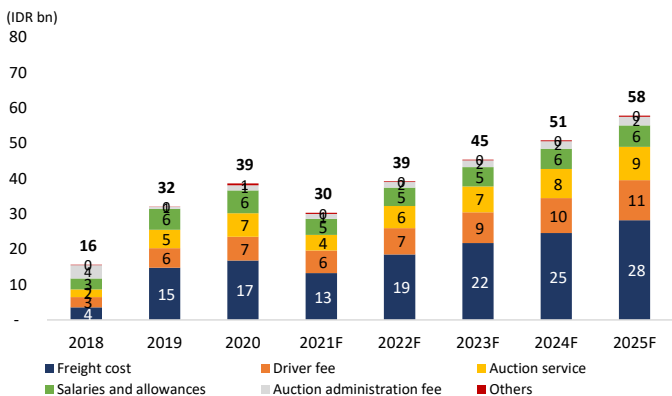


Source: Company, Trimegah Research

On the volume side, we anticipate that JBA will sell 42k 4W units and 61k 2W units in 2021F, with 4W/2W growing at a 12.5%/10% CAGR from 2021 to 2025F, respectively. In 2021, leasing companies will supply c70% of used cars sold, while used car dealers' supply will grow from 20% in 2022F to 28% in 2025F. We believe that the increase in the number of vehicles sold in JBA will be driven by a strong recovery in Indonesia's automotive sector, which includes a recovery in new vehicle sales as well as an improvement in the used vehicle market.

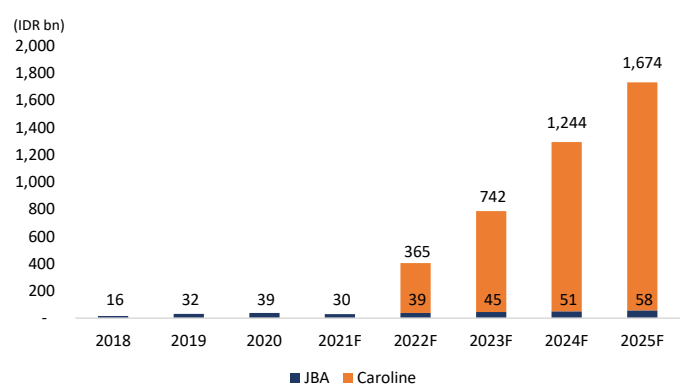
Caroline, which will begin operations in early 2022, is expected to have monthly sales of 160 units in 2022F and to grow at a CAGR of 63.5% from 2022-25F, reaching a level of 700 monthly sales in 2025. To accomplish this, ASL intends to rapidly expand Caroline's operation scale by expanding its network and increasing brand awareness in order to capture market share in the large yet fragmented used car market.

Figure 34. JBA's Cost of Revenue



Source: Company, Trimegah Research

Figure 35. ASL's Cost of Revenue

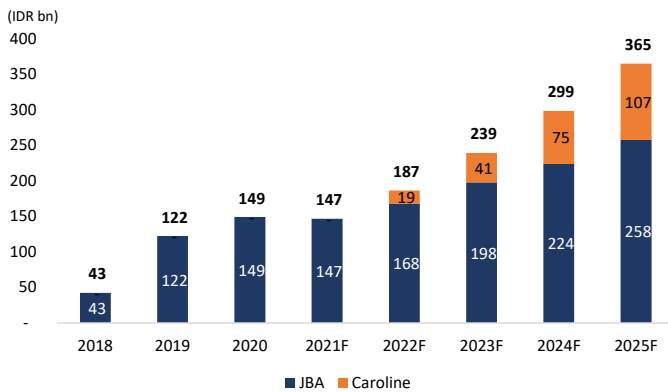


Source: Company, Trimegah Research

JBA's cost of revenue is primarily derived from freight costs, driver fees, auction services, and salaries. Meanwhile, Caroline's cost of revenue will be derived mainly from the costs of purchasing used vehicles from customers. ASL anticipates a GPM of 5% for Caroline Selection and 4.5% for Caroline Purchase in 2022F.

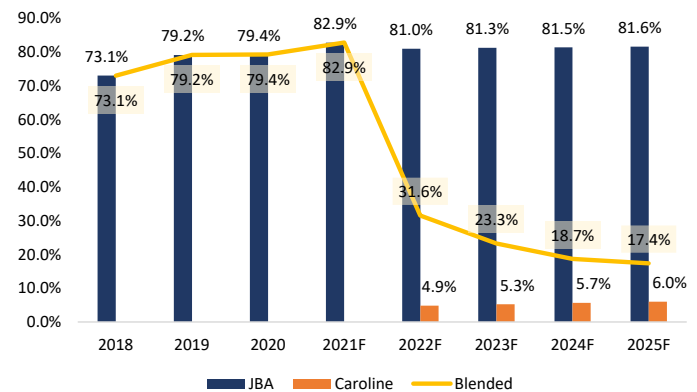
In terms of gross profit growth, we forecast Caroline to have a 79% CAGR in 2022-2025F, compared to JBA's 15% CAGR during the same period. However, JBA, which has a high GPM by nature, is expected to maintain its high gross profit at around 81%, while Caroline's GPM is expected to improve from 4.9% in 2022F to 6.0% in 2025F. As the Caroline business begins to contribute to ASL's book in 2022F and beyond, ASL's blended gross profit margin will fall as a result of the combination of both businesses (Figure 37).

Figure 36. ASL's Gross Profit



Source: Company, Trimegah Research

Figure 37. Gross Profit Margin

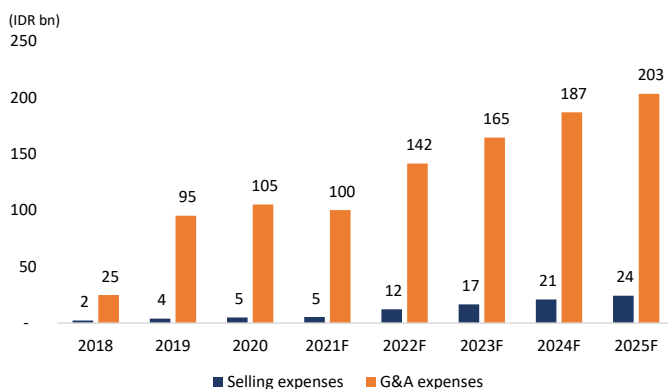


Source: Company, Trimegah Research

Going deeper into ASL's operating expenses, the majority of the cost consists of salaries, depreciation, and security and cleaning services, whereas Caroline's Opex will be made up of operation-related costs (c.45%), human-resources-related costs (c.40%), and marketing-related expenses (c.15%). Since Caroline will begin operations in 2022, we anticipate a 46.5% YoY increase in Opex. However, given the business's improving scalability, we anticipate that Caroline's Opex/revenue will gradually decrease from 9.5% in 2022F to 4.5% in 2025F. Overall, we foresee a 14% CAGR in operating costs between 2022 and 2025.

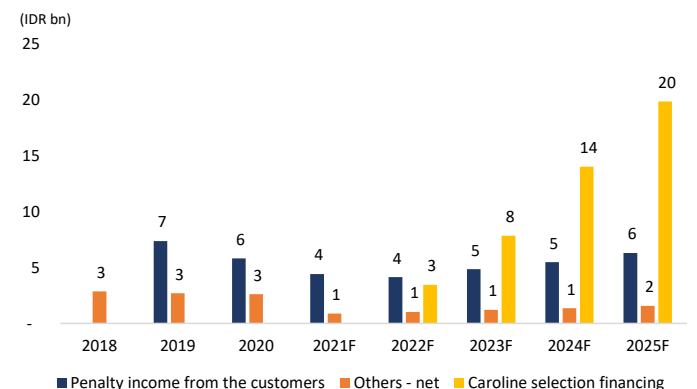
Other operating income, on the other hand, comes from penalty income, Caroline Selection financing commissions, and other sources. Customers who cancel a transaction after winning a bid in a JBA auction are subject to the penalty. For the Caroline Selection financing commission (~3%), we assume that 40% of customers who purchased a used car will use the financing service in 2022F, rising to 47.5% in 2025F.

Figure 38. ASL's Operating Expenses



Source: Company, Trimegah Research

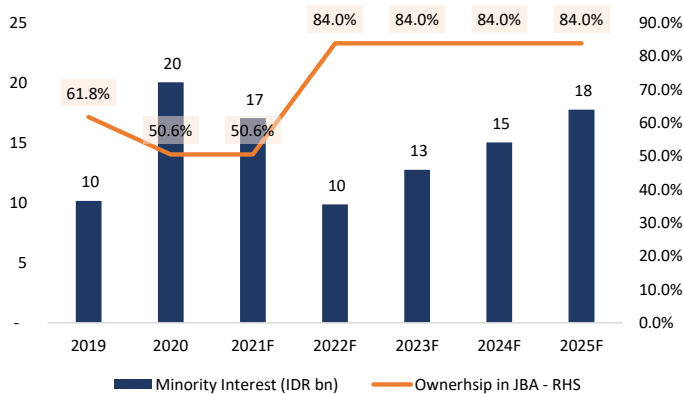
Figure 39. ASL's Other Operating Income



Source: Company, Trimegah Research

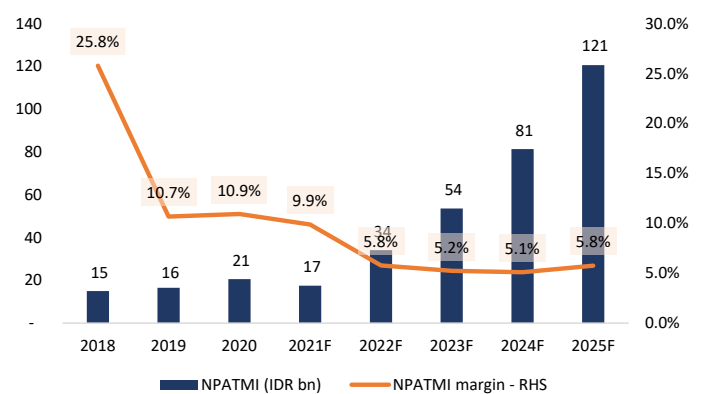
We foresee that ASL's net profit, which is solely derived from its auction business, will fall 14.8% YoY in 2021F, as a result of lower-than-expected volume in auctioned units due to the pandemic situation in 2020-2021. However, we forecast that ASL's net profit will rise from IDR17.5bn in 2021F to IDR120.7bn in 2025F (62% CAGR) as a result of increased revenue and improved profit margins on both JBA and Caroline. Caroline is expected to have a positive net profit beginning in 2024F (NPM of 0.2%) as a result of fast-growing vehicle sales and improved business scale, resulting in increased revenue and a lower Opex/revenue ratio.

Figure 40. ASL's Minority Interest



Source: Company, Trimegah Research

Figure 41. ASL's NPATMI



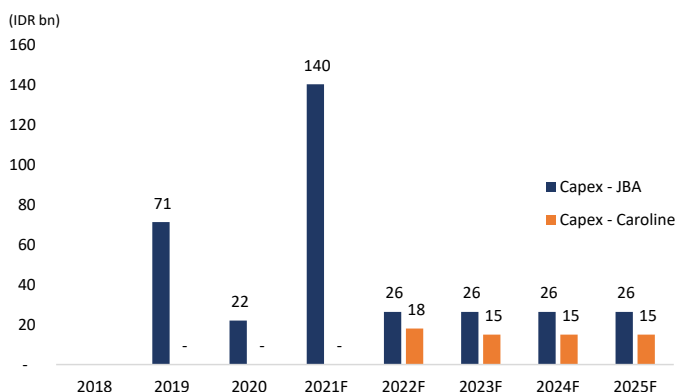
Source: Company, Trimegah Research

Balance Sheet

ASL also intends to keep its debt-free status in 2022 by repaying its IDR225 billion loan to its parent company (ASSA) with IPO proceeds. While the company also recognizes that Caroline's working capital requirements could be met through the proceeds of an IPO plan. We forecast ASL to generate enough cash flow from operations to fund its working capital and expansion needs by having a positive free cash flow by 2023F (Figure 43).

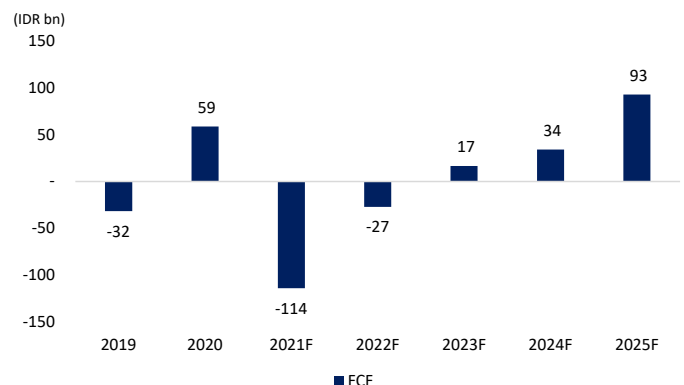
ASL has set aside IDR110bn for capital expenditure in 2021 for land acquisition. The 4.5ha plot of land is located in Cengkareng, West Jakarta, and will be used to build a facility for JBA and Caroline. Going forward, Caroline will allocate IDR13bn for branch expansion and IT development capex (c.IDR5bn/year), whereas JBA's capex will primarily consist of fixed assets and land rental (Right-of-use assets). In terms of dividend policy, ASL will use a 70%-75% dividend payout ratio range in the coming years.

Figure 42. ASL's Capex



Source: Company, Trimegah Research

Figure 43. ASL's Free Cash Flow



Source: Company, Trimegah Research

Valuation

We value PT Autopedia Sukses Lestari using a sum of the parts (SOTP) method, in which JBA is valued using a discounted cash flow (DCF) method and Caroline is valued using the EV/Sales method. We use a WACC of 11.5% and an LT growth rate of 5% for JBA's DCF valuation. Caroline's EV/Sales valuation is based on a 0.9x (low-range) and 1.6x (high-range) multiple of Caroline's 2025F sales estimate, which we discount back to 2022. We base our EV/Sales multiple on a discounted multiple of its Southeast Asia (SEA) peers' FY21F EV/Sales of 2.3x (Figure 51).

Our low and high valuation ranges are distinguished by a different target EV/Sales multiple that we use for Caroline valuation. A summary of our price target methodology is shown in Figure 44 below. As a result, we arrive at a post-IPO equity valuation for ASL of Rp2,964bn at the low end and Rp3,856bn at the high end, implying a 2022F EV/Sales of 4.4–5.9x and a 2022F EV/GMV of 0.5-0.6x.

Figure 44. ASL SOTP Valuation Summary

Valuation Method		Valuation Range	JBA's EV (IDR bn)	Caroline's EV (IDR bn)	Net Cash* (IDR bn)	Equity Value (IDR bn)
JBA	Caroline					
Discounted Cash Flow	EV/Sales (0.9x)	Lowest	1,405.2	1,189.1	370.1	2,964.3
Discounted Cash Flow	EV/Sales (1.6x)	Highest	1,405.2	2,080.9	370.1	3,856.1

* assuming IPO proceed at lower end of valuation

Source: Trimegah Research

Valuation of JBA

We value JBA by using a discounted cash flow (DCF) method with a WACC of 11.5% and an LT growth rate of 5%. It's worth noting that ASL will own 84% of JBA by the end of this year, up from 50.6% today. ASL and the sellers have already signed the conditional sales purchase agreement (CSPA) for the JBA stake, and the transaction is expected to be completed prior to the IPO. We arrive at a total valuation of Rp1,405bn for JBA (Figure 45).

Figure 45. JBA DCF Valuation

JBA Valuation - DCF Method					
in Rp bn	2021F	2022F	2023F	2024F	2025F
EBIT	46.4	57.5	79.5	98.3	122.2
Tax Rate	23%	22%	22%	22%	22%
EBIT*(1-t)	35.7	44.8	62.0	76.6	95.3
+D&A	19.6	22.4	21.8	21.9	22.5
-Capex	(137.3)	(23.4)	(23.4)	(23.4)	(23.4)
+WC	18.6	47.6	26.6	37.7	19.8
FCFF	(63.4)	91.4	87.1	112.9	114.1
FCFF Discounted	(63.4)	91.4	78.1	90.8	82.3
Value of CF	343				
Terminal Value	1,330	Terminal growth:		5.0%	
Enterprise Value	1,673				
Ownership	84.0%				
EV ownership adjusted	1,405				

Source: Trimegah Research

Figure 46. WACC Assumption

WACC	
Risk free rate	6.0%
Equity risk premium	5.5%
Beta	1.0
Cost of equity	11.5%
Cost of debt (post-tax)	8.0%
Target debt/capital	0.0%
WACC	11.5%

Source: Trimegah Research

Valuation of Caroline

Caroline's EV/Sales valuation is based on a 0.9x/1.6x multiple for the low/high range of our valuation, multiplied by Caroline's 2025F sales estimate, and discounted back to 2022. This is based on a discount multiple of 60%/30% of its Southeast Asia (SEA) peers' FY21F EV/Sales of 2.3x (Figure 51).

Figure 47. Caroline Valuation (Low-End)

Caroline - EV/Sales Method				
in Rp bn	2022F	2023F	2024F	2025F
Caroline's Sales	384.0	783.4	1,318.4	1,781.8
EV/Sales multiple (x) - 60% disc. to SEA peers				0.9
Enterprise Value				1,648.3
Discounted 3 year	1,189.1			

Source: Trimegah Research

Figure 48. Caroline Valuation (High-End)

Caroline - EV/Sales Method				
in Rp bn	2022F	2023F	2024F	2025F
Caroline's Sales	384.0	783.4	1,318.4	1,781.8
EV/Sales multiple (x) - 30.0% disc. to SEA peers				1.6
Enterprise Value				2,884.5
Discounted 3 year	2,080.9			

Source: Trimegah Research

Autopedia Sukses Lestari SOTP Valuation

Our SOTP valuation method combines a DCF valuation for JBA and an EV/Sales valuation for Caroline. As a result, we arrive at a post-IPO equity valuation of Rp2,964bn at the low end and Rp3,856bn at the high end for ASL, implying a 2022 EV/Sales of 4.4—5.9x and a 2022F EV/GMV of 0.5-0.6x.

Figure 49. ASL SOTP Valuation (Lower End)

Autopedia Sukses Lestari - SOTP Method	
Rp bn	
JBA (84% owned)	1,405.2
Caroline	1,189.1
Total Enterprise Value	2,594.2
Minority interest	29.5
Net cash (debt)	399.6
Equity Value	2,964.3

Source: Trimegah Research

Figure 50. ASL SOTP Valuation (Higher End)

Autopedia Sukses Lestari - SOTP Method	
Rp bn	
JBA (84% owned)	1,405.2
Caroline	2,080.9
Total Enterprise Value	3,486.1
Minority interest	29.5
Net cash (debt)	399.6
Equity Value	3,856.1

Source: Trimegah Research

Figure 51. Caroline's Peers Comparison

Company	EV (\$ bn)	FY20 Revenue (USD bn)	Annualized FY21 Revenue (USD bn)	EV/Sales (x) FY20	EV/Sales (x) FY21F
CARMAX INC	23.2	20.3	17.2	1.1	1.3
CARGURUS INC	3.5	0.6	0.8	6.3	4.5
CARS.COM INC	1.3	0.5	0.6	2.3	2.1
TRUECAR INC	0.2	0.3	0.3	0.6	0.7
CARVANA CO	55.6	5.6	11.2	10.0	5.0
Carsome	1.2	0.2	0.8	5.6	1.4
Cars24	1.7	0.4	0.6	4.0	2.8
Carro	1.0	0.2	0.4	4.2	2.7
Global Average				4.3	2.6
SEA Average				4.6	2.3

Source: Bloomberg, Various media, Trimegah Research

Note: Carmax's, Cargurus', Cars.com's, Truecar's, and Carvana's EV priced as of 11 November 2021

Management Background

ASL has a strong management team with solid experiences. Below is ASL's BOC and BOD profile, education background, as well as working experiences.

Board of Commissioners



Arif Rachmat
President Commissioner

Indonesian citizen, 46 years old

- Master of Engineering in Operation Research and Industrial Engineering at Cornell University (1998)
- Bachelor of Science in Operation Research and Industrial Engineering at Cornell University (1997)
- President Commissioner at PT Autopedia Sukses Lestari (2021-present)
- President Commissioner at PT Triputra Agro Persada Tbk (2020-present)
- Director at PT Dharma Inti Anugerah (2018-present)
- President Commissioner at PT Sumber Energi Pangan (2017-present)
- Commissioner at PT Tri Persada Raya (2018-present)
- Commissioner at PT Dharma Satya Nusantara Tbk (2017-present)
- Commissioner at PT Kirana Megatara Tbk (2017-present)
- Commissioner at PT Adi Bumi Jaya (2017-present)
- Commissioner at PT Tridaya Hita Sentosa (2016-present)
- Commissioner at PT Sumber Cassava Indonesia (2016-present)
- Director at PT Triputra Permata Nusantara (2016-present)
- Director at PT Trikirana Investindo Prima (2010-present)
- Director at PT Triputra Investindo Arya (2008-present)
- President Director at PT Triputra Persada Rachmat (2008-present)
- Director at PT Triputra Permata Rachmat (2007-present)
- President Director at PT Triputra Agro Persada Tbk (2009-2018)
- Co-Founder and Director at PT Triputra Agro Persada Tbk (2005-2008)



Drs. Prodjo Sunarjanto Sekar Pantjawati
Commissioner

Indonesian citizen, 62 years old

- Master of Accounting at Universitas Indonesia (2010)
- Bachelor of Accounting Economics at Universitas Indonesia (1985)
- Commissioner at PT Autopedia Sukses Lestari (2021-present)
- President Director at PT Adi Sarana Armada Tbk (2011-present)
- Commissioner at PT Serasi Autoraya (2006-2007)
- Chief Executive Officer at PT Astra International - Toyota Sales Operation (Auto 2000) (2005-2010)
- President Commissioner at PT Toyo Fuju Logistics (2005-2007)
- Director at PT Astra Mitra Ventura (2000-2005)
- President Director at PT Serasi Autoraya (1994-2005)
- President Director at PT Brahmayasa Bahtera (1994-2000)



Erida

Commissioner

Indonesian citizen, 54 years old

- Bachelor of Economics at Universitas Trisakti (1990)
- Commissioner at PT Autopedia Sukses Lestari (2021-present)
- President commissioner at PT Adi Sarana Armada Tbk (2016-present)
- Commissioner at PT Puninar Sarana Raya (2015-present)
- Director at PT Adi Bumi Jaya (2014-present)
- Commissioner at PT Kirana Megatara Tbk (2013-present)
- Chief Financial Officer at PT Triputra Agro Persada Tbk (2012-present)
- Director at PT Trikirana Investindo Prima (2011-present)
- Chief Financial Officer at PT Triputra Investindo Arya (2011-present)
- Chief Operating Officer at PT Adira Dinamika Multi Finance Tbk (2006-2011)
- Chief Financial Officer at PT Adira Dinamika Multi Finance Tbk (2001-2006)
- Marketing Division Head at PT Jaya Real Property Tbk (2000-2001)
- Finance Division Head at PT Jaya Real Property Tbk (1995-2000)



Iriawan Ibarat

Independent Commissioner

Indonesian citizen, 49 years old

- Master of Science (Management of Technology) at The National University of Singapore (2001)
- Master of Social Sciences (Applied Economics) at The National University of Singapore (1999)
- Master of Arts – Marketing Management at Macquarie University, Australia (1998)
- Bachelor of Science at Indiana University, Bloomington E.W. Kelley School of Business – U.S.A (1993)
- Independent Commissioner at PT Autopedia Sukses Lestari (2021-present)
- Country Head – Indonesia at IMC Group (2017-present)
- Managing Director - Indonesia Business at IMC Group (2016-present)
- President Director at PT Pelita Samudera Shipping Tbk (2016-present)
- Commissioner/Head of Plantation at PT Nusa Indah Kalimantan Plantation (2016-present)
- Board of Advisors at SBM ITB Graduate School of Management (2011-present)
- Visiting Permanent Faculty at ITB School of Management (2017-present)
- Group Chief Financial Officer at IMC Pan Asia Alliance Private Limited (IMC Group) (2014-2015)
- President Director & CEO at PT Arpeni Pratama Ocean Line Tbk (2012-2014)
- Non-Executive Director at PT Sumitomo Global Logistic (2012-2014)
- President Director/CEO at PT Goodyear Indonesia Tbk (2008-2012)
- Regional Finance Director, ASEAN at PT Goodyear Indonesia Tbk (2008)
- Finance Director/CFO at PT Goodyear Indonesia Tbk (2006-2008)
- Business Unit Manager, OTC and Consumer Products at PT Anugerah Pharmindo Lestari (a Zuellig Pharma group) (2004-2006)
- General Manager and Head at PT Allianz Life Indonesia (2003-2004)
- Country Manager Myanmar and Vietnam at IKM-Kuok Singapore Pte Ltd (a member of Kuok Group Company, Singapore) (2002-2003)
- Regional Finance and Business Process Manager at Kodak Singapore Pte Ltd (1998-2001)
- Accountant and Financial Analyst at Imation Singapore Pte Ltd (1994-1997)



Selvy Monalisa
Independent Commissioner

Indonesian citizen, 47 years old

- Master in Business Administration (MBA) at Melbourne Business School (2002)
- Bachelor of Accounting at Universitas Indonesia (1997)
- Independent Commissioner at PT Autopedia Sukses Lestari (2021-present)
- Deputy Head of Administration and Finance at LPEM Universitas Indonesia (2021-present)
- Audit Committee at PT Pengembangan Pariwisata Indonesia (2018-present)
- Training Instructor at PT Bank Rakyat Indonesia Tbk (2018-present)
- Training Instructor at PT Bank Negara Indonesia Tbk (2010-present)
- Trainer at Center for Accounting Development, Faculty of Economics and Business, Universitas Indonesia (2009-present)
- Finance dan General Affairs Director at PT Global One Solusindo (2009-present)
- Senior Lecturer at Faculty of Economics and Business Universitas Indonesia (1998-present)
- Training Instructor at The Indonesia Capital Market Institute (TICMI) (2013-2019)
- Grader/Reviewer at Institut Akuntan Publik Indonesia (IAPI) (2011-2019)
- Managing Director at PT Qosakata Ibunda (Leksika Campus Bookstore) (2009-2017)
- Chief Executive Officer at PT Salemba Emban Patria (Penerbit Salemba Empat) (2003-2009)
- Internal Auditor at Faculty of Economics and Business Universitas Indonesia (2000-2001)
- Auditor at Ernst & Young Indonesia (1998-2000)

Board of Directors



Jany Candra
President Director

Indonesian citizen, 48 years old

- Master of Management at Universitas Indonesia (2001)
- Bachelor of Agribusiness Management at Institut Pertanian Bogor (1993)
- President Director at PT Autopedia Sukses Lestari (2021-present)
- Director at PT Adi Sarana Armada Tbk (2007-present)
- Management and Business Development Manager at PT Serasi Autoraya (2005-2007)
- Marketing and Customer Service Manager at PT Serasi Autoraya (2005)



Deborah Debyanti Sugiarto
Director

Indonesian citizen, 48 years old

- Master of Commerce in Applied Finance at University of Queensland, Australia (1999)
- Bachelor of Agriculture - Agribusiness Management at Institut Pertanian Bogor (1996)
- Director at PT Autopedia Sukses Lestari (2021-present)
- Finance Director at PT Tigadaya Digital Indonesia (member of Triputra Group) (2018-present)
- Deputy Chief Financial Officer and Head of Corporate Finance, Accounting and Tax at Triputra Group (2010-present)
- Chief Financial Officer at Daya Group (member of Triputra Group) (2014-2020)
- Manager & Senior Manager at PricewaterhouseCoopers Indonesia, Financial Advisory Services, Corporate Value Advisory (2005-2010)
- Senior Consultant & Executive at PricewaterhouseCoopers Australia, Advisory, Valuation and Strategy (2003-2005)
- Senior Associate & Assistant Manager at PricewaterhouseCoopers Indonesia, Financial Advisory Services, Corporate Value Advisory (2000-2003)
- Bankers Development Program (Management Trainee) at PT Bank Universal Tbk (1996-1998)

Appendix

Figure 52. ASL's 6M21 Result

ASL 6M21 Result			
I/S (IDR bn)	6M20	6M21	% YoY
Revenue	85.3	92.1	8.0%
Gross Profit	66.3	77.1	16.2%
Operating Profit	10.0	21.8	118.5%
EBITDA	22.9	36.6	60.2%
Net Profit	4.8	8.3	73.5%
Gross Margin	77.8%	83.7%	
Operating Margin	11.7%	23.7%	
EBITDA Margin	26.8%	39.8%	
Net Margin	5.6%	9.0%	

Source: Company, Trimegah Research

Figure 53. JBA's 4W & 2W Volume Data

JBA's Volume Data					
Vehicle Type	FY18	FY19	FY20	9M21	2021F
4W	16,914	37,108	44,252	31,500	42,460
2W	9,511	46,140	73,636	44,400	61,000
Total	26,425	83,248	117,888	75,900	103,460
growth (YoY)		215.0%	41.6%		-12.2%

Source: Company, Trimegah Research

Figure 54. JBA's Peers Comparison

Company Name	Market cap (\$mn)	EV (\$mn)	EV/Sales		PER		EV/EBITDA		ROE		NPM
			2021Y	2022Y	2021Y	2022Y	2021Y	2022Y	2021Y	2022Y	
USS CO LTD	4,899	3,802	7.0	6.8	16.4	16.1	10.9	10.8	15	14.3	35.2%
COPART INC	36,334	34,311	11.9	11.1	37.3	34.4	24.9	23.1	24.4	21.3	36.6%
KAR AUCTION SERVICES INC	1,782	4,247	0.8	0.8	20.2	17.3	8.6	7.9	4.5	N/A	5.3%
RITCHIE BROS AUCTIONEERS	7,508	7,064	5.2	4.3	40.4	33.5	22.1	18.1	18.4	20.6	12.2%
IAA INC	8,078	9,241	4.7	4.5	25.2	24.2	16.5	15.7	N/A	N/A	17.9%
Global average			5.9	5.5	27.9	25.1	16.6	15.1	15.6	18.7	21.4%

Source: Bloomberg, Trimegah Research

New car models that intrigue people's interest in upgrading their vehicles

Figure 55. New Toyota Veloz



Source: CNN Indonesia, Trimegah Research

Figure 56. Honda All New BR-V



Source: Honda Indonesia, Trimegah Research

Figure 57. Hyundai Creta (to be launched soon)



Source: Otodriver.com, Trimegah Research

Figure 58. Mitsubishi Xpander facelift spy shot



Source: Kompas Otomotif, Trimegah Research

Figure 59. Honda New Civic 11th Generation



Source: Carvaganza.com, Trimegah Research

Figure 60. BMW 320i Dynamic (OTR price: Rp799mn)



Source: Autonetmagz, Trimegah Research

Research Team

Willinoy Sitorus

Fakhrul Fulvian
Prasetya Gunadi
Heribertus Ariando
Richardson Raymond
Kharel Devin Fielim
Hasbie
Kimberly Bianca
Ahmad Alfanzigel
Ignatius Samon
Amyra Ibrahim
Mashudi Sudarmadji

Strategy, Banks & Industrial

Economics, Fixed Income
Banks and Financial-related
Consumer, Media and Healthcare
Telco, Tower, and Digital Media
Property, Construction and Infra
Commodities-related and Small Caps
Telco, Tower, and Digital Media
Banks and Economics
Consumer, Healthcare and Media & Tech
Economics and Fixed Income
Generalist

willinoy.sitorus@trimegah.com

fakhrul.fulvian@trimegah.com
prasetya.gunadi@trimegah.com
heribertus.ariando@trimegah.com
richardson.raymond@trimegah.com
kharel.devin@trimegah.com
hasbie@trimegah.com
kimberly.bianca@trimegah.com
ahmad.andriansyah@trimegah.com
ignatius.samon@trimegah.com
amyra.ibrahim@trimegah.com
mashudi.sudarmadji@trimegah.com

+62-21 2924 9107

+62-21 2924 9097
+62-21 2924 9099
+62-21 2924 9060
+62-21 2924 9136
+62-21 2924 9103
+62-21 2924 6322
+62-21 2924 9088
+62-21 2924 9088
+62-21 2924 9088
+62-21 2924 9088

Corporate Access

Nur Marini

Corporate Access

marini@trimegah.com

+62-21 2924 6323

Institutional Sales Team

Beatrix Susanto

Henry Sidarta, CFTe

Raditya Andyono
Calvina Karmoko
Dewi Yusnita
Morgan Gindo
Gerry Benedict

Head of Institutional Sales

Head of Institutional Dealing

Equity Institutional Sales
Equity Institutional Sales
Equity Institutional Sales
Equity Institutional Sales
Equity Institutional Sales

beatrix.susanto@trimegah.com

henry.sidarta@trimegah.com

raditya.andyono@trimegah.com
calvina.karmoko@trimegah.com
dewi.yusnita@trimegah.com
morgan.gindo@trimegah.com
gerry.benedict@trimegah.com

+62-21 2924 9086

+62-21 3043 6309

+62-21 2924 9146
+62-21 2924 9080
+62-21 2924 9082
+62-21 2924 9076
+62-21 2924 9081

Retail Sales Team

Andrew Jatmiko

Hasbie Sukaton
Untung Wijaya

Jakarta Area

Ignatius Candra Perwira
Ariffianto

Sumatera

Juliana Effendy

Eastern Indonesia

Carlo Ernest Frits Coutrier

East Java

Pandu Wibisono

Central Java, Area

Aloysius Primasyah
Laili Ma'muroh

West Java

Bhisma Herlambang
Renny Nurhayati Hidayat

Head of Retail Equity Sales

Deputy Head of Retail Sales
Area Manager (Indonesia Timur)

Kelapa Gading, Jakarta
BSD, Jakarta

Medan, Sumatera Utara

Makasar, Sulawesi Selatan

Surabaya, Jawa Timur

Semarang, Jawa Tengah
Solo, Jawa Tengah

Bandung, Jawa Barat
Cirebon, Jawa Barat

andrew.jatmiko@trimegah.com

hasbie.sukaton@trimegah.com
untung.wijaya@trimegah.com

ignatius.perwira@trimegah.com
ariffianto@trimegah.com

juliana.effendi@trimegah.com

carlo.coutrier@trimegah.com

pandu.wibisono@trimegah.com

primasyah.kristanto@trimegah.com
laili.mamuroh@trimegah.com

bhisma.herlambang@trimegah.com
renny.nurhayati@trimegah.com

+62-21 3043 6310

+62-21 2924 9088
+62-31 2971 8000

+62-21 8061 7270
+62-21 5089 8959

+62-61 4100 0000

+62-411 3604 379

+62-31 2973 18000

+62-24 8600 2310
+62-271 6775 590

+62-22 8602 6290
+62-231 8851 009

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PT Trimegah Sekuritas Indonesia Tbk

Gedung Artha Graha 18th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, Indonesia
t. +62-21 2924 9088
f. +62-21 2924 9150
www.trimegah.com

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