

Indonesian Transportation

UNDERWEIGHT
(Unchanged)

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In a jam

Threats from private-car taxis and ... : On the back of new transportation mobile application services, the Indonesian taxi business is facing a plethora of challenges ahead in the form of fewer drivers available and weaker customer demands (exhibit 5). Based on our study, UBER's normal tariff, with no traffic jam, is around a third cheaper than taxi fares (exhibit 10). Additionally, these new competitors are here to stay as the transportation ministry has granted temporary operational licenses, while the government is still drafting new regulations for e-commerce business. UBER, operating in 57 countries (exhibit 9), commenced its Indonesian operations in mid-2014 focusing on Jakarta. Now it has around 700 operating units in Jakarta with expansions to Bali and Bandung. UBER collaborates with rental companies in Indonesia and taps into their under-utilized cars for its operations. Normally, UBER collects a 20% service fee on all passenger payments with the rest going to drivers, which may be split with owners of car rental companies in some cases.

... motorcycle-taxi mobile services: On the motorcycle-taxi front, we expect new applications to gain government support, especially in Jakarta, as they may help reduce the number of cars on the streets and ease traffic jams. Go-Jek, an Indonesia-based local mobile application, has experienced phenomenal growth (exhibit 14) due to high consumer demand for its services (exhibit 13), and is now supported by around 14k drivers in Jakarta. In fact, our channel checks reveal that many taxi drivers have migrated to become Go-Jek drivers due to its flexi hours and up to 50% higher incomes for drivers (exhibit 10). A Go-Jek driver can generate a net income of around IDR5-7mn/month, assuming 25 working days and a daily income of around IDR200k-IDR280k. On the contrary, a taxi driver may only earn a monthly income of around IDR2.7mn-IDR3.5mn, based on our market survey. Hence, Go-Jek is extremely popular, forcing the company to limit the number of driver applications to 300 drivers per day due to the high interest from potential joiners. We believe this concept has a great deal of potential going forward, as Jakarta's Governor, Ahok, is supportive of this service, which he sees as aligned with his vision of making Jakarta a smart-city with less traffic congestion. We think that this application is attractive to low-to-middle-income people as a "business-partnership", charging only 20% of total revenue as service fees, with simple requirements to join (exhibit 12).

Reiterate sector UNDERWEIGHT, cutting all TPs

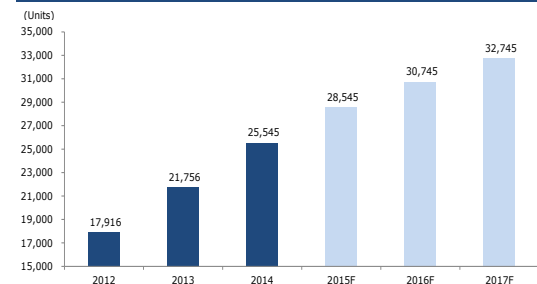
The threat from these mobile services is worse for Blue Bird (BIRD IJ) than Express Transindo Utama (TAXI IJ) as BIRD's revenues are 100% based on its drivers' incomes, which would decline as UBER and Go-Jek enter the fray. As we also expect fewer drivers to be available, we forecast lower utilization rates ahead, causing earnings downgrades (exhibits 6 and 7). We lower our TPs for BIRD to IDR5,500 (from IDR7,400) and TAXI to IDR520 (from IDR820). Thus, we retain our UNDERWEIGHT sector rating with unchanged REDUCE ratings for BIRD and TAXI, despite their severe market underperformances ytd (exhibit 4). For Adi Sarana Armada (ASSA IJ), we trim our 2016F earnings (exhibit 8) as we expect more difficult operating conditions, resulting also in a lower TP of IDR140 (from IDR150). However, we retain our BUY rating on ASSA due to the cheap PE valuation of 6x for 2016F and 18% upside potential to our new TP.

Exhibit 1. Sector relative valuation, 2016F

| | | CP | TP | Mkt cap | P/E | ROE |
|---------------------------|--------|-------|-------|---------------|-------------|-------------|
| Code | Rating | (IDR) | (IDR) | (USDm) | (x) | (%) |
| BIRD | REDUCE | 7,400 | 5,500 | 13,672 | 22.7 | 19.4 |
| TAXI | REDUCE | 875 | 520 | 1,386 | 28.6 | 5.6 |
| ASSA | BUY | 119 | 140 | 30 | 6.0 | 7.8 |
| Sector Underweight | | | | 15,088 | 23.2 | 18.1 |

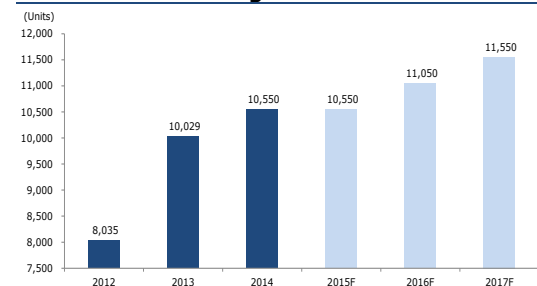
Source: Bloomberg, Bahana estimates
(Based on closing prices on 11 Aug 2015)

Exhibit 2. BIRD's regular taxis 2012-17F



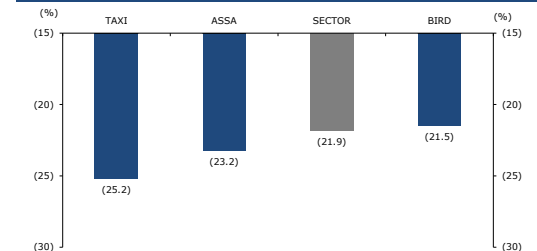
Source: Company, Bahana estimates

Exhibit 3. TAXI's regular taxi 2012-17F



Source: Company, Bahana estimates

Exhibit 4. Relative performance to JCI, ytd



Source: Bloomberg

Exhibit 5. Quotes from UBER users

"I prefer to use UBER than regular taxis because everyone in my office building thinks I'm rich with lots of different cars." - Research analyst
 "UBER arrives faster than regular taxis during rush hours." - Office manager
 "Often times, I find UBER rates to be cheaper than regular taxi fares." - House wife
 "Payment using UBER is simpler as I don't have to worry about having cash." - Secretary

Source: Bahana survey

BIRD: Maintain REDUCE with lower TP of IDR5,500

At this stage of BIRD's competitive cycle, we lower our 2016F earnings by 11% as we assume a lower utilization rate of 73% in 2016 as new players enter the market. On the cost front, we think margins will be under pressure until 2017F on increasing interest expense on higher loans to support its expansion and fuel price volatility going forward. Note that the government, in September or October this year, may raise fuel prices by 15% from IDR7,400/liter to IDR8,500/liter, as Pertamina continues to be unprofitable. As such, given likely declining earnings over the next two years and the current expensive valuation (despite having underperformed the JCI by 21.5% ytd), we maintain our REDUCE rating on BIRD with a lower TP of IDR5,500 (from IDR7,400) on a 2016F PER target of 17x, in line with the regional sector (exhibit 13). Upside risks include higher-than-expected supply of drivers.

Exhibit 6. BIRD IJ earnings revisions

| Year-end 31 Dec | Old | | | New | | | Change (%) | | |
|--------------------------------|--------------|--------------|-------|--------------|--------------|--------------|------------|---------------|-------|
| | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F |
| Sales (IDRb) | 5,581 | 6,480 | - | 5,581 | 6,209 | 6,853 | - | (4.2) | - |
| Gross profit (IDRb) | 1,643 | 1,825 | - | 1,643 | 1,673 | 1,775 | - | (8.3) | - |
| Gross margin (%) | 29.4 | 28.2 | - | 29.4 | 26.9 | 25.9 | - | - | - |
| Operating profit (IDRb) | 1,161 | 1,251 | - | 1,161 | 1,120 | 1,148 | - | (10.5) | - |
| Operating margin (%) | 20.8 | 19.3 | - | 20.8 | 18.0 | 16.8 | - | - | - |
| Net profit (IDRb) | 840 | 921 | - | 840 | 816 | 783 | - | (11.3) | - |
| Net margin (%) | 15.1 | 14.2 | - | 15.1 | 13.1 | 11.4 | - | - | - |
| EPS (IDR) | 336 | 368 | - | 336 | 326 | 313 | - | (11.3) | - |

Source: Company, Bahana estimates

TAXI: Maintain REDUCE with TP of IDR520

Following weak 1H15 results, we lower our 2015F earnings for TAXI by 25%. We expect interest expense and fuel costs to hurt TAXI's bottom line going forward, resulting in 2016F net earnings of IDR66bn, up just 5% y-y despite 14% y-y higher revenue of around IDR1.2tn, as we expect an additional 500 regular taxis. Despite TAXI underperforming the JCI by 25% ytd, we expect the downtrend to continue as we expect poor 2H15 results (exhibit 17) on high interest charges and increased fuel costs. We retain our REDUCE rating on TAXI, with a lower TP of IDR520 (from IDR820) based on a 2016F PER of 17x, at par with the regional sector (exhibit 13). Upsides risks include higher-than-expected utilization rates.

Exhibit 7. TAXI IJ earnings revisions

| Year-end 31 Dec | Old | | | New | | | Change (%) | | |
|--------------------------------|------------|--------------|-------|--------------|--------------|--------------|---------------|-------------|-------|
| | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F |
| Sales (IDRb) | 975 | 1,066 | - | 1,024 | 1,170 | 1,301 | 5.0 | 9.8 | - |
| Gross profit (IDRb) | 372 | 376 | - | 360 | 397 | 442 | (3.4) | 5.5 | - |
| Gross margin (%) | 38.2 | 35.3 | - | 35.2 | 33.9 | 34.0 | - | - | - |
| Operating profit (IDRb) | 250 | 241 | - | 256 | 278 | 305 | 2.6 | 15.4 | - |
| Operating margin (%) | 25.6 | 22.6 | - | 25.0 | 23.8 | 23.5 | - | - | - |
| Net profit (IDRb) | 84 | 64 | - | 63 | 66 | 56 | (24.8) | 2.6 | - |
| Net margin (%) | 8.6 | 6.0 | - | 6.1 | 5.6 | 4.3 | - | - | - |
| EPS (IDR) | 39 | 30 | - | 29 | 31 | 26 | (24.8) | 2.6 | - |

Source: Company, Bahana estimates

ASSA: Maintain BUY with TP of IDR140

For ASSA, we still expect 2016F earnings to grow 22% y-y on higher revenues from its logistics business and increased car disposals. ASSA is currently trading at a 2016F PER of 6x, around 40% discount to the car rental sector (exhibit 16). We retain our BUY rating with a TP of IDR140 based on a 2016F PER of 7x, at a 30% discount to sector peers due to its small cap status. Downside risks include lower-than-expected logistics demand and utilization rates on rental cars.

Exhibit 8. ASSA IJ earnings revisions

| Year-end 31 Dec | Old | | | New | | | Change (%) | | |
|--------------------------------|--------------|--------------|-------|--------------|--------------|--------------|------------|--------------|-------|
| | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F |
| Sales (IDRb) | 1,329 | 1,516 | - | 1,329 | 1,503 | 1,694 | - | (0.9) | - |
| Gross profit (IDRb) | 399 | 456 | - | 399 | 459 | 515 | - | 0.5 | - |
| Gross margin (%) | 30.0 | 30.1 | - | 30.0 | 30.5 | 30.4 | - | - | - |
| Operating profit (IDRb) | 212 | 239 | - | 212 | 243 | 275 | - | 1.7 | - |
| Operating margin (%) | 16.0 | 15.8 | - | 16.0 | 16.2 | 16.3 | - | - | - |
| Net profit (IDRb) | 55 | 69 | - | 55 | 67 | 80 | - | (2.5) | - |
| Net margin (%) | 4.2 | 4.5 | - | 4.2 | 4.5 | 4.7 | - | - | - |
| EPS (IDR) | 16 | 20 | - | 16 | 20 | 23 | - | (2.5) | - |

Source: Company, Bahana estimates

Blue Bird

| Year to 31 December | 2013 | 2014 | 2015F | 2016F | 2017F |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| PROFIT & LOSS (IDRb) | | | | | |
| Sales | 3,921 | 4,759 | 5,581 | 6,209 | 6,853 |
| Gross profit | 1,332 | 1,453 | 1,643 | 1,673 | 1,775 |
| EBITDA | 1,492 | 1,699 | 1,971 | 2,116 | 2,291 |
| Depreciation | 502 | 646 | 811 | 996 | 1,143 |
| EBIT | 990 | 1,053 | 1,161 | 1,120 | 1,148 |
| Net interest inc./ (expense) | (174) | (263) | (224) | (311) | (396) |
| Forex gain/ (losses) | (66) | (5) | (15) | (17) | (15) |
| Other income/ (expense) | 207 | 202 | 206 | 304 | 317 |
| Pre-tax profit | 956 | 987 | 1,127 | 1,095 | 1,051 |
| Taxes | (243) | (247) | (282) | (274) | (263) |
| Minority interest | (6) | (5) | (5) | (5) | (5) |
| Extraordinary gain/(losses) | - | - | - | - | - |
| Net profit | 708 | 735 | 840 | 816 | 783 |

2016F earnings to decline over the next two years on greater competition

BALANCE SHEET (IDRb)

| | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|---------------|
| Cash and equivalents | 267 | 951 | 437 | 381 | 401 |
| S-T investments | - | - | - | - | - |
| Trade receivables | 257 | 227 | 382 | 425 | 469 |
| Inventories | 7 | 12 | 11 | 12 | 14 |
| Fixed assets | 4,342 | 5,563 | 6,430 | 7,713 | 8,954 |
| Other assets | 139 | 418 | 168 | 189 | 189 |
| Total assets | 5,012 | 7,172 | 7,428 | 8,721 | 10,028 |
| Interest bearing liabilities | 2,413 | 2,050 | 2,048 | 2,723 | 3,435 |
| Trade payables | 178 | 258 | 378 | 435 | 487 |
| Other liabilities | 1,216 | 1,261 | 891 | 959 | 1,027 |
| Total liabilities | 3,807 | 3,568 | 3,317 | 4,116 | 4,949 |
| Minority interest | 67 | 68 | 72 | 76 | 80 |
| Shareholders' equity | 1,138 | 3,535 | 4,039 | 4,529 | 4,999 |

Likely increased fixed asset levels due to ...

CASH FLOW (IDRb)

| | | | | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| EBIT | 990 | 1,053 | 1,161 | 1,120 | 1,148 |
| Depreciation | 502 | 646 | 811 | 996 | 1,143 |
| Working capital | (106) | (55) | (274) | (102) | (98) |
| Other operating items | (508) | (359) | (607) | (601) | (840) |
| Operating cash flow | 877 | 1,285 | 1,091 | 1,412 | 1,354 |
| Net capital expenditure | (1,841) | (2,086) | (1,618) | (1,855) | (1,795) |
| Free cash flow | (964) | (800) | (527) | (442) | (441) |
| Equity raised/(bought) | 242 | 2,308 | - | - | - |
| Net borrowings | 780 | (588) | (1) | 721 | 760 |
| Other financing | (382) | (236) | 14 | (334) | (300) |
| Net cash flow | (323) | 684 | (514) | (56) | 19 |
| Cash flow at beginning | 590 | 267 | 951 | 437 | 381 |
| Cash flow at end | 267 | 951 | 437 | 381 | 401 |

... continued elevated capex at IDR1.6tn-IDR1.9tn in 2015-17F

RATIOS

| | | | | | |
|---------------------------|-------|------|------|------|------|
| ROAE (%) | 62.2 | 20.8 | 20.8 | 18.0 | 15.7 |
| ROAA (%) | 14.1 | 10.3 | 11.3 | 9.4 | 7.8 |
| Gross margin (%) | 34.0 | 30.5 | 29.4 | 26.9 | 25.9 |
| EBITDA margin (%) | 38.0 | 35.7 | 35.3 | 34.1 | 33.4 |
| EBIT margin (%) | 25.2 | 22.1 | 20.8 | 18.0 | 16.8 |
| Net margin (%) | 18.0 | 15.4 | 15.1 | 13.1 | 11.4 |
| Payout ratio (%) | 35.6 | 87.8 | 40.0 | 40.0 | 40.0 |
| Current ratio (%) | 0.8 | 0.7 | 0.6 | 0.5 | 0.5 |
| Interest coverage (x) | 5.7 | 4.0 | 5.2 | 3.6 | 2.9 |
| Net gearing (%) | 188.6 | 31.1 | 39.9 | 51.7 | 60.7 |
| Debts to assets (%) | 48.1 | 28.6 | 27.6 | 31.2 | 34.3 |
| Debtor turnover (days) | 24 | 17 | 25 | 25 | 25 |
| Creditor turnover (days) | 25 | 28 | 35 | 35 | 35 |
| Inventory turnover (days) | 1 | 1 | 1 | 1 | 1 |

ROAE should continue to fall in 2015-16F due to ...

MAJOR ASSUMPTIONS

| | | | | | |
|----------------------------------|---------|---------|---------|---------|---------|
| Total regular taxi (Units) | 21,756 | 25,545 | 28,545 | 30,745 | 32,745 |
| Utilization rate (%) | 79.0 | 75.0 | 75.0 | 73.0 | 71.5 |
| Avg. daily inc./ reg. taxi (IDR) | 557,969 | 593,890 | 623,585 | 654,764 | 694,050 |
| Average fuel cost (IDR/ltr) | 5,700 | 6,800 | 7,480 | 8,200 | 8,415 |

... lower utilization given more intense competition despite added fleets

Source: Company, Bahana estimates

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Express Transindo Utama

| Year to 31 December | 2013 | 2014 | 2015F | 2016F | 2017F |
|---------------------------------|------------|------------|--------------|--------------|--------------|
| PROFIT & LOSS (IDRb) | | | | | |
| Sales | 687 | 890 | 1,024 | 1,170 | 1,301 |
| Gross profit | 310 | 398 | 360 | 397 | 442 |
| EBITDA | 409 | 521 | 546 | 623 | 690 |
| Depreciation | 188 | 239 | 290 | 345 | 385 |
| EBIT | 221 | 283 | 256 | 278 | 305 |
| Net interest inc./ (expense) | (81) | (133) | (174) | (193) | (233) |
| Forex gain/ (losses) | - | - | - | - | - |
| Other income/ (expense) | 34 | 3 | - | - | - |
| Pre-tax profit | 174 | 153 | 82 | 85 | 73 |
| Taxes | (41) | (34) | (19) | (20) | (17) |
| Minority interest | (0) | (0) | (0) | (0) | (0) |
| Extraordinary gain/ (losses) | - | - | - | - | - |
| Net profit | 132 | 118 | 63 | 66 | 56 |

We forecast a net profit of IDR66bn in 2016 due to higher interest charges ...

BALANCE SHEET (IDRb)

| | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash and equivalents | 316 | 216 | 289 | 288 | 281 |
| Trade receivables | 144 | 281 | 293 | 355 | 394 |
| Inventories | 14 | 14 | 18 | 21 | 24 |
| Fixed assets | 1,393 | 2,124 | 2,354 | 2,580 | 2,906 |
| Other assets | 271 | 376 | 335 | 366 | 405 |
| Total assets | 2,137 | 3,011 | 3,288 | 3,610 | 4,010 |
| Interest bearing liabilities | 911 | 1,747 | 1,772 | 1,944 | 2,216 |
| Trade payables | 240 | 127 | 314 | 377 | 419 |
| Other liabilities | 189 | 245 | 269 | 300 | 342 |
| Total liabilities | 1,340 | 2,119 | 2,354 | 2,621 | 2,977 |
| Minority interest | 1 | 1 | 1 | 1 | 1 |
| Shareholders' equity | 796 | 892 | 933 | 987 | 1,032 |

... on higher loans

CASH FLOW (IDRb)

| | | | | | |
|----------------------------|------------|--------------|------------|--------------|--------------|
| EBIT | 221 | 283 | 256 | 278 | 305 |
| Depreciation | 188 | 239 | 290 | 345 | 385 |
| Working capital | 247 | (273) | 155 | (32) | (35) |
| Other operating items | (226) | (301) | (259) | (366) | (442) |
| Operating cash flow | 430 | (53) | 442 | 226 | 213 |
| Net capital expenditure | (351) | (900) | (402) | (424) | (526) |
| Free cash flow | 79 | (953) | 40 | (198) | (312) |
| Equity raised/ (bought) | - | - | - | - | - |
| Net borrowings | 61 | 836 | 25 | 172 | 272 |
| Other financing | 25 | 19 | 8 | 25 | 33 |
| Net cash flow | 166 | (100) | 73 | (1) | (7) |
| Cash flow at beginning | 150 | 316 | 216 | 289 | 288 |
| Ending cash flow | 316 | 216 | 289 | 288 | 281 |

... due to high capex for replacement of regular taxis

RATIOS

| | | | | | |
|---------------------------|------|-------|-------|-------|-------|
| ROAE (%) | 17.9 | 14.0 | 6.9 | 6.8 | 5.5 |
| ROAA (%) | 6.8 | 4.6 | 2.0 | 1.9 | 1.5 |
| EBITDA margin (%) | 59.5 | 58.6 | 53.4 | 53.3 | 53.1 |
| Gross margin (%) | 45.1 | 44.7 | 35.2 | 33.9 | 34.0 |
| EBIT margin (%) | 32.2 | 31.8 | 25.0 | 23.8 | 23.5 |
| Net margin (%) | 19.3 | 13.3 | 6.1 | 5.6 | 4.3 |
| Payout ratio (%) | 16.2 | 18.2 | 18.0 | 18.0 | 18.0 |
| Current ratio (x) | 1.0 | 1.3 | 1.1 | 1.0 | 0.9 |
| Interest coverage (x) | 2.7 | 2.1 | 1.5 | 1.4 | 1.3 |
| Net gearing (%) | 74.7 | 171.7 | 158.9 | 167.7 | 187.6 |
| Debts to assets (%) | 42.6 | 58.0 | 53.9 | 53.8 | 55.3 |
| Debtor turnover (days) | 58 | 87 | 104 | 111 | 111 |
| Creditor turnover (days) | 164 | 178 | 178 | 178 | 178 |
| Inventory turnover (days) | 12 | 10 | 10 | 10 | 10 |

We do not expect the ROAE to recover to the 2013-14 levels due to high interest costs and fuel expenses coming from ...

MAJOR ASSUMPTIONS

| | | | | | |
|----------------------------------|---------|---------|---------|---------|---------|
| Regular taxi (units) | 10,029 | 10,550 | 10,550 | 11,050 | 11,550 |
| Eagle taxi (units) | - | 500 | 500 | 500 | 500 |
| Premium taxi (units) | 50 | 120 | 120 | 120 | 120 |
| VATB (units) | 176 | 282 | 282 | 282 | 282 |
| Avg. daily inc./ reg. taxi (IDR) | 190,000 | 218,000 | 240,000 | 264,000 | 290,400 |
| Utilization rate(unit) | 92.6 | 88.3 | 87.0 | 86.0 | 84.0 |

... Eagle taxis, premium taxis, and VATB (buses)

Source: Company, Bahana estimates

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Adi Sarana Armada

| Year to 31 December | 2013 | 2014 | 2015F | 2016F | 2017F |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| PROFIT & LOSS (IDRb) | | | | | |
| Sales | 1,019 | 1,140 | 1,329 | 1,503 | 1,694 |
| Gross profit | 346 | 349 | 399 | 459 | 515 |
| EBITDA | 458 | 471 | 567 | 654 | 753 |
| Depreciation | 246 | 287 | 355 | 411 | 477 |
| EBIT | 213 | 184 | 212 | 243 | 275 |
| Net interest inc./(expense) | (112) | (139) | (149) | (163) | (177) |
| Forex gain/(losses) | (0) | 0 | - | - | - |
| Other income/(expense) | 6 | 11 | 9 | 8 | 7 |
| Pre-tax profit | 106 | 56 | 73 | 88 | 105 |
| Taxes | (14) | (13) | (17) | (21) | (25) |
| Minority interest | - | - | - | - | - |
| Extraordinary gain/(losses) | - | - | - | - | - |
| Net profit | 92 | 43 | 55 | 67 | 80 |

We expect a 2016 net profit of IDR67bn, up 22% y-y mainly helped by expansion of the logistics business and higher car disposals

BALANCE SHEET (IDRb)

| | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash and equivalents | 26 | 22 | 22 | 29 | 26 |
| Trade receivables | 111 | 136 | 136 | 136 | 136 |
| Inventories | 32 | 26 | 31 | 37 | 44 |
| Fixed assets | 1,912 | 2,193 | 2,341 | 2,611 | 2,792 |
| Other assets | 91 | 132 | 138 | 144 | 150 |
| Total assets | 2,172 | 2,507 | 2,668 | 2,956 | 3,148 |
| Interest bearing liabilities | 1,161 | 1,456 | 1,536 | 1,736 | 1,826 |
| Trade payables | 56 | 85 | 93 | 102 | 113 |
| Other liabilities | 130 | 129 | 156 | 183 | 215 |
| Total liabilities | 1,347 | 1,670 | 1,786 | 2,022 | 2,154 |
| Minority interest | - | - | - | - | - |
| Shareholders' equity | 825 | 837 | 882 | 933 | 994 |

Total loans likely to keep increasing ...

CASH FLOW (IDRb)

| | | | | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| EBIT | 213 | 184 | 212 | 243 | 275 |
| Depreciation | 246 | 287 | 355 | 411 | 477 |
| Working capital | (26) | (16) | 15 | 12 | 13 |
| Other operating items | (145) | (131) | (147) | (162) | (179) |
| Operating cash flow | 288 | 324 | 435 | 504 | 587 |
| Net capital expenditure | (705) | (717) | (800) | (800) | (800) |
| Free cash flow | (417) | (393) | (365) | (296) | (213) |
| Equity raised/(bought) | - | - | - | 1 | 1 |
| Net borrowings | (47) | 294 | 80 | 200 | 90 |
| Other financing | 177 | 94 | 285 | 102 | 120 |
| Net cash flow | (288) | (4) | 0 | 7 | (3) |
| Cash flow at beginning | 316 | 26 | 22 | 22 | 29 |
| Ending cash flow | 26 | 22 | 22 | 29 | 26 |

... to support its capex ...

RATIOS

| | | | | | |
|---------------------------|-------|-------|-------|-------|-------|
| ROAE (%) | 11.8 | 5.2 | 6.4 | 7.4 | 8.3 |
| ROAA (%) | 4.3 | 1.8 | 2.1 | 2.4 | 2.6 |
| Gross margin (%) | 33.9 | 30.6 | 30.0 | 30.5 | 30.4 |
| EBITDA margin (%) | 45.0 | 41.3 | 42.7 | 43.5 | 44.4 |
| EBIT margin (%) | 20.9 | 16.2 | 16.0 | 16.2 | 16.3 |
| Net margin (%) | 9.0 | 3.8 | 4.2 | 4.5 | 4.7 |
| Payout ratio (%) | 33.0 | 25.0 | 30.0 | 30.0 | 30.0 |
| Current ratio (x) | 0.5 | 0.4 | 0.4 | 0.4 | 0.3 |
| Interest coverage (x) | 1.9 | 1.3 | 1.4 | 1.5 | 1.6 |
| Net gearing (%) | 137.6 | 171.3 | 171.7 | 182.9 | 181.1 |
| Debts to assets (%) | 53.5 | 58.1 | 57.6 | 58.7 | 58.0 |
| Debtor turnover (days) | 36 | 39 | 37 | 33 | 29 |
| Creditor turnover (days) | 30 | 32 | 35 | 34 | 33 |
| Inventory turnover (days) | 18 | 12 | 12 | 13 | 14 |

... resulting in higher net gearing ...

MAJOR ASSUMPTIONS

| | | | | | |
|-------------------------|--------|--------|--------|--------|--------|
| Unit operation (units) | 12,937 | 14,873 | 16,673 | 18,473 | 20,273 |
| Utilization rate (%) | 92.6 | 92.1 | 92.5 | 92.8 | 93.0 |
| Unit of disposal (unit) | 1,954 | 1,748 | 1,800 | 1,800 | 1,801 |
| ASP used car (IDR/unit) | 102.7 | 99.4 | 99.4 | 99.4 | 99.4 |

A cap on used car ASPs due to unfavourable operating conditions in the auto sector

Source: Company, Bahana estimates

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Exhibit 9. UBER's worldwide operations

UBER CITIES

California-based ridesharing company Uber has come under pressure this week after their operations were banned in several countries during a time when some of its drivers were accused of committing crime against customers and the public.



Source: Bahana

UBER has been banned in some countries (red colour) due to some incidents; however, we expect UBER to expand its operations as public demand is very high; the Government is keen to maintain the operation in Indonesia and create some regulations for e-commerce

Exhibit 10. UBER's tariff vs Taxi's fare

| Type | UBER | | Taxi | | % different |
|--------------|---------------------|---------------|---------------------|---------------|-------------|
| | Tariff/km/min (IDR) | 10km/30mins | Tariff/km/min (IDR) | 10km/30mins | |
| Flag fall | 3,000 | 3,000 | 7,500 | 7,500 | 60% |
| Per-km | 2,001 | 20,000 | 4,000 | 40,000 | 50% |
| Per-min | 300 | 9,000 | - | - | - |
| Total | 5,301 | 32,000 | 11,500 | 47,500 | 33% |

Source: Bahana

Our calculation shows on normal tariffs with no traffic jam, UBER is 33% cheaper than taxi's fare for every 10km in 30 minutes

Exhibit 11. Go-Jek drivers in uniform



Source: Go-Jek.com

Go-Jek, a motorcycle taxi, is attracting taxi operators' drivers ...

Exhibit 12. Requirements to join Go-Jek

| Requirements | Facilities |
|--|--|
| - Copy of driving license, self and family identity card, motorcycle's registration card | - Android smartphone |
| - Passing through the quality standard of the motorcycle | - 2 helmets and jackets |
| - Interview test | - IDR50k sim-card balance |
| - Training to use Go-Jek application, customer services and safety riding education | - IDR100k account |
| | - Maskers and shower caps for customers |
| | - Monthly income potency around IDR7mn-IDR10mn |

Source: Various resources, Go-Jek.com, Bahana

... as it is easy for drivers to join

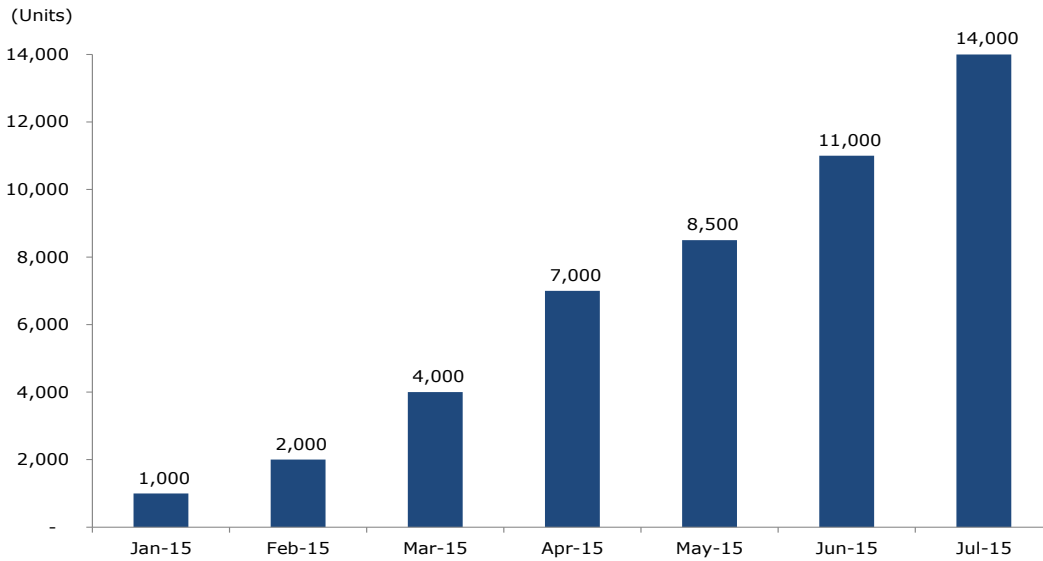
Exhibit 13. Details of Go-Jek's services

| Type of services | Details |
|------------------|---|
| Instant courier | Offering delivery of any bring-able goods with maximum arrival in 90 minutes anywhere in the city |
| Transport | Transparent fixed pricing of IDR4k/km with free shower cap and masker |
| Go-Food | Receiving food delivery orders and affiliating with some local restaurants |
| Shopping | Receiving shop orders like food, ticket, medicine and anything under IDR1mn |

Source: Various resources, Go-Jek.com, Bahana

Customers are attracted as Go-Jek offers many services at affordable prices

Exhibit 14. Total number of Go-Jek drivers



The number of Go-Jek drivers is up 14 folds since the re-launch at the beginning of 2015

Source: Various resources, Bahana

Exhibit 15. Taxi company regional peers comparison, 2016F

| Company name | Market Cap (USD bn) | 2016F P/E (x) | 2016F EV/EBITDA (x) | 2016F ROE (%) | 2016F Net margin (%) | 2016F EPS growth (%) | 2016F PEG (x) |
|-----------------------|---------------------|---------------|---------------------|---------------|----------------------|----------------------|---------------|
| Euro, Aus, Sgp | 6.1 | 16.8 | 7.1 | 26.6 | 8.0 | 15.8 | 1.0 |
| Go Ahead Group | 1.2 | 13.0 | 4.7 | 73.9 | 2.7 | 27.7 | 0.5 |
| Cabcharge Australia | 0.3 | 7.2 | 7.2 | 13.1 | 30.4 | (6.2) | (1.2) |
| Comfordtelgro corp | 4.6 | 18.5 | 7.7 | 14.9 | 8.0 | 14.0 | 1.3 |
| Indonesia | 1.5 | 23.2 | 9.5 | 17.0 | 12.5 | (2.2) | (6.7) |
| Express Trasindo* | 1.4 | 22.7 | 9.9 | 18.0 | 13.1 | (2.8) | (8.0) |
| Blue Bird* | 0.1 | 28.6 | 5.7 | 6.8 | 5.6 | 4.4 | 6.5 |
| Regional | 7.6 | 18.1 | 7.6 | 24.7 | 8.9 | 12.2 | (0.5) |

Source: Bloomberg *Bahana estimates (Based on closing prices on 11 August 2015)

Regional taxi sector now trades at a 2016F PE of 16.8x with 15.8% y-y estimated EPS growth

Exhibit 16. Car rental company regional peers comparison, 2016F

| Company name | Market Cap (USD bn) | 2016F P/E (x) | 2016F EV/EBITDA (x) | 2016F ROE (%) | 2016F Net margin (%) | 2016F EPS growth (%) | 2016F PEG (x) |
|-----------------------|---------------------|---------------|---------------------|---------------|----------------------|----------------------|---------------|
| Euro, Aus, Sgp | 28.3 | 10.0 | 5.7 | 17.2 | 2.8 | 8.6 | 1.2 |
| Krungthai car rent | 2.7 | 8.2 | - | - | - | 9.1 | 0.9 |
| Imperial Holdings | 25.4 | 10.1 | 5.7 | 17.0 | 2.8 | 8.5 | 1.2 |
| Avis Budget Group | 0.1 | 11.3 | 10.2 | 52.1 | 4.2 | 13.3 | 0.9 |
| Indonesia | 0.0 | 6.0 | 3.2 | 7.4 | 4.5 | 21.5 | 0.3 |
| Adi Sarana Armada* | 0.0 | 6.0 | 3.2 | 7.4 | 4.5 | 21.5 | 0.3 |
| Regional | 28.3 | 10.0 | 5.7 | 17.2 | 2.8 | 8.6 | 1.2 |

Source: Bloomberg *Bahana estimates (Based on closing prices on 11 August 2015)

Regional car rental sector now trades at a 2016F PE of 10.0x with 8.6% y-y estimated EPS growth

Exhibit 17. 1H15 results summary

| (IDRbn) | Revenue | %y-y | Gross profit | % y-y | Operating profit | % y-y | Net profit | % y-y |
|---------|---------|------|--------------|-------|------------------|-------|------------|--------|
| BIRD | 2,667 | 16.4 | 823 | 13.0 | 610 | 11.3 | 444 | 10.9 |
| TAXI | 510 | 24.8 | 184 | 0.6 | 136 | (4.2) | 33 | (58.8) |
| ASSA | 663 | 24.7 | 195 | 16.0 | 114 | 22.7 | 30 | 12.4 |

Source: Company, Bahana

BIRD & ASSA booked low y-y 1H15 earnings growth while TAXI's fell 59% y-y

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