

BUY | TP : IDR135

Stock Price Data

Last Price	: IDR96
52wk High	: IDR344
52wk Low	: IDR81
Share Out	: 1.2 tn
Market Cap	: IDR113.7 tn

Stock Price Performance

1-Day	: +5.5%
1-Week	: +12.9%
1-Month	: -11.9%
3-Month	: -16.5%
Year-to-Date	: +5.5%

Shareholders

Taobao China Holding Limited	: 8.8%
SVF GT Subco (Singapore) Pte. Ltd.	: 7.7%
Goto Peoperverse Fund	: 6.1%
Public	: 77.4%

PT GoTo Gojek Tokopedia Tbk (GOTO IJ)
Revolutionizing Leap Towards Profitability

Substantial Adjusted EBITDA Improvement

In 1H23, GOTO reported a notable financial performance, achieving a contribution margin (CM) of IDR2 tn, representing 0.6% of its GTV. This was accompanied by a +70% YoY rise in adjusted EBITDA, making a positive adjusted EBITDA by 4Q23E plausible. Every GOTO business sector saw CM growth, notably its on-demand services (ODS) segment with a massive +190% YoY spike. Driving factors include a jump in take rates to 22% (vs 19% in 1H22) and rigorous cost-cutting initiatives. Despite a -7% YoY dip in GTV in 2Q23, GOTO cut product and marketing expenses by -35% YoY, causing the adjusted EBITDA to rise by +87% YoY and CM to post a positive IDR1 tn. Both the e-commerce and fintech sectors posted positive CMs with IDR591 bn (+127% YoY) and IDR15 bn (+102% YoY), respectively. The e-commerce segment also saw a +73 bps YoY hike in take rate, thanks to advanced app monetization, enticing advertising opportunities, and GoTo Logistics (GTL) which reduced logistics costs by 15%. The fintech segment improved its take rate by +10 bps YoY to 0.5%, maintaining a steady GTV growth. This was further bolstered by a partnership with ARTO, considerably enhancing its CM. GTL's adjusted EBITDA grew by 50% YoY in 1H23, largely due to its collaboration with Tokopedia, enhancing delivery efficiency and cutting delivery subsidy fees by 15% in 2023. Given GOTO's current trajectory and if it maintains a 25%-30% quarterly growth rate, achieving a positive adjusted EBITDA within 4Q23E looks promising. With a cash and cash equivalents of IDR25 tn and over a 50% YoY drop in net cash burns, GOTO is well-poised to meet its profitability targets.

'Mode Hemat' to Target Wider Customer Base

In response to declining QoQ GTV growth in 2Q23, GOTO has introduced its 'Hemat' line, targeting budget consumers to boost GTV and customer numbers without extra cash burn. This includes 'GoCar Hemat', featuring fuel-efficient cars for journeys within 10 km range to increase driver density and order volume, and 'GoFood Hemat', which combines orders for improved driver efficiency, limits merchant range to 2 km, and cuts delivery costs by IDR3-5k via order-batching (i.e. multiple orders in one go). GOTO's e-commerce caters to budget buyers with cost-effective shipping and curated products especially after GTL presence. 'Mode Hemat' ensures no extra cash burns or reduced profit margins, as although prices being 15-20% lower, the volume is projected to surge by 50-60% according to the management, leading to increased GTV, thereby boosting its revenue.

GoPay App to Spur Future Prospect

Launched in July 2023, the GoPay app, integrated with Gojek and Tokopedia, offers a spending tracker, free transfers to third-party banks (up to 100 times monthly), and various digital transactions. A notable feature is the impending buy-now-pay-later (BNPL) service, GoPay Pinjam. In 2Q23, it recorded an outstanding loan of IDR1 tn (+21% QoQ). Partnering with ARTO, GOTO plans to cut fund costs and hasten loan disbursements, indicating growth potential in the loan sector. Interestingly, GOTO may introduce a savings account feature in GoPay, potentially positioning it ahead of e-wallet competitors due to its ARTO alliance. This feature could attract customers with its deposit rate, opening a new revenue stream for the company. Within a month of its launch, the app had over 1 mn downloads without marketing expenses, highlighting GOTO's strong brand reputation. Based on this momentum, we anticipate that by FY23E, downloads could range between 2-3 mn as expansion to tier 2 and 3 cities according to the management. Given all users utilize the savings account feature with an average balance of IDR100k, we project potential funding to be between IDR200-300 bn. Assuming interest rate of 5% p.a., the projected interest expense is at most IDR15 bn. Furthermore, we also expect for a potential lending feature in the app given an attractive high margin as reported in [our GOTO initial report](#). With an estimated 35% gross annual interest rate, there is a 30% margin spread (vs BBYB: 19% in 1H23), thereby boosting profitability.

Recommendation: BUY with TP IDR135/share

We recommend BUY on GOTO with a lower TP of IDR135/share (+41% upside) given the unfavorable macro factors, notably the era of high interest rate. GOTO targets budget consumers with 'Mode Hemat' products and enhances the GoPay app, anticipating growth in the fintech sectors. Downside risks: 1) sustained high interest rate, 2) failure to maintain profitability guidance.

Key Financial Highlight (IDR bn)	FY20	FY21	FY22	FY23E	FY24F
Net Revenue	3,328	4,536	11,349	18,069	23,806
Net Income	(14,209)	(21,391)	(39,571)	(15,180)	(9,048)
EPS (IDR)	(20)	(12)	(18)	(33)	(13)
P/E (x)	(8)	(5)	(3)	(7)	(13)
BVS (IDR)	18	117	104	100	97
P/B (x)	5	1	1	1	1
EV/EBITDA (x)	(10)	(4)	(3)	(5)	(9)
ROA (%)	(47)	(14)	(28)	(11)	(7)
ROE (%)	(68)	(15)	(32)	(13)	(8)

Source : MNCS



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Exhibit 01. GOTO's 1H23 Results

IDR tn	2Q22	1Q23	2Q23	QoQ	YoY	1H22	1H23	YoY	MNCS	% MNCS
GTV	151	149	144	-3%	-5%	291	292	1%	710	41%
Gross Revenue	6	6	56	-3%	6%	11	12	10%	28	42%
Net Revenue	2	3	4	7%	87%	3	7	103%	18	38%
Contribution Margin	(2)	1	1	64%	152%	(5)	2	137%	1	118%
Adjusted EBITDA	(4)	(12)	(1)	24%	72%	(9)	(3)	70%	(5)	59%
Net Loss	(7)	(20)	(4)	80%	41%	(14)	(7)	48%	(15)	47%

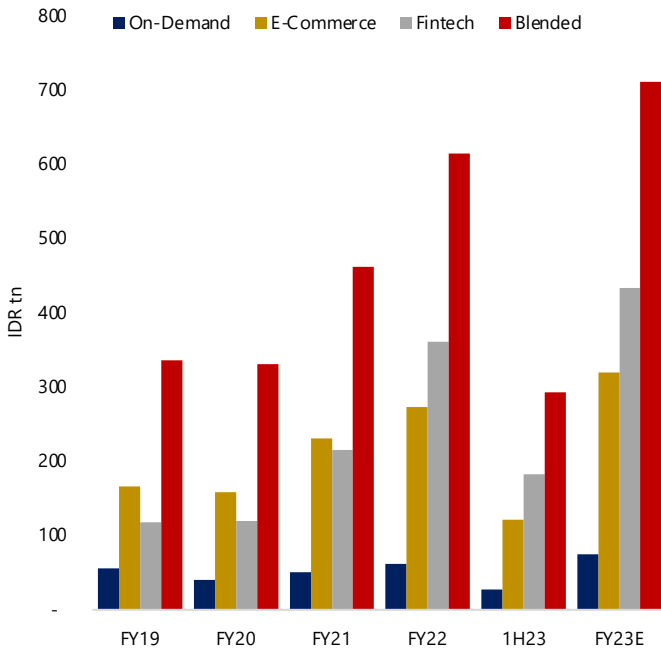
Sources: Company, MNCS

Exhibit 02. 1H23 Gross Take Rate

	2Q22	1Q23	2Q23	QoQ	YoY	1H22	1H23	YoY	MNCS
Blended	4%	4%	4%	+3 bps	+40 bps	4%	4%	+35 bps	4%
On-demand	19%	22%	22%	-0 bps	+254 bps	19%	22%	+289 bps	23%
E-Commerce	3%	4%	4%	+18 bps	+74 bps	3%	4%	+73 bps	3%
Fintech	0%	1%	0%	-2 bps	-1 bps	0%	0%	+1 bps	1%

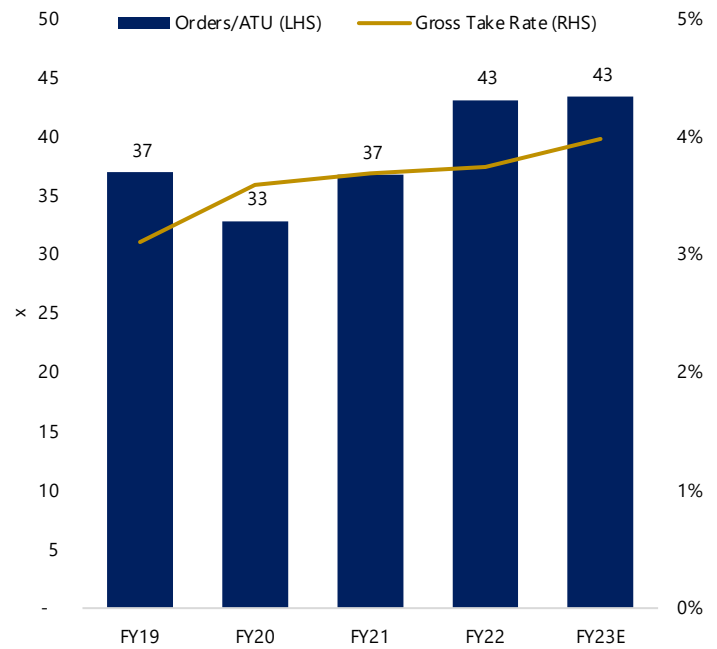
Sources: Company, MNCS

Exhibit 03. GOTO's Business Segment GTV



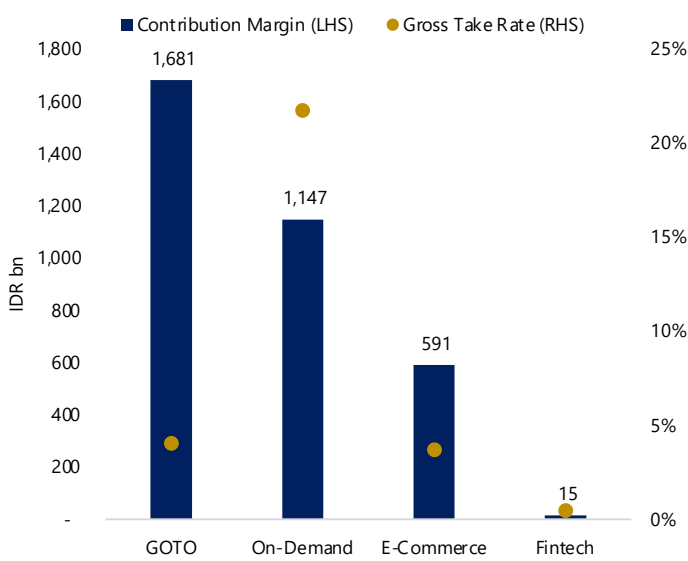
Sources : Company, MNCS

Exhibit 04. Orders/ATU (Average Transacting Unit) vs Gross Take Rate



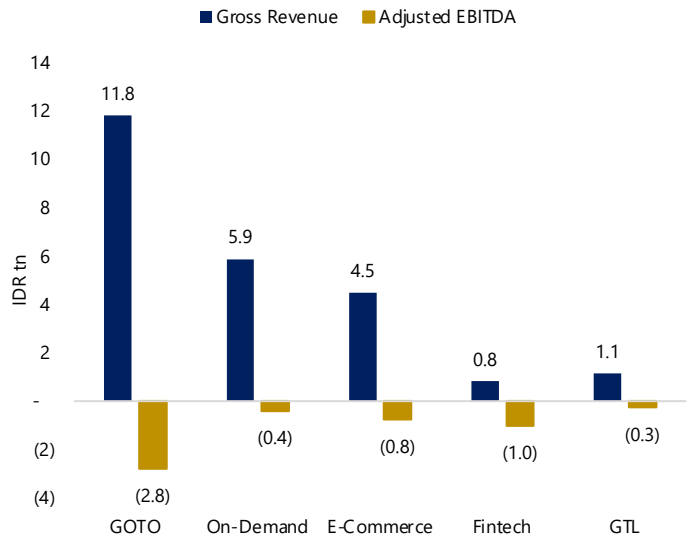
Source : MNCS

Exhibit 05. Positive Contribution Margin in 1H23



Sources : Company, MNCS

Exhibit 06. GOTO's Business Segments Gross Revenue and Adjusted EBITDA in 1H23



Sources : Company, MNCS

Exhibit 07. GOTO's Valuation

IDR bn	EV/Sales (x)	FY23E Sales	EV
On-demand	3	16,941	53,318
E-Commerce	7	10,382	69,121
Fintech	3	3,248	10,067
ARTO (24.1% Stake)	-	-	7,415
Total			139,921
Debt			2,064
Cash & Cash Equivalent			21,955
Minority Interest			799
Market Cap			159,013
Outstanding Shares (bn)			1,184
Target Price (IDR)			135
EV/sales (x)			5

Source: MNCS

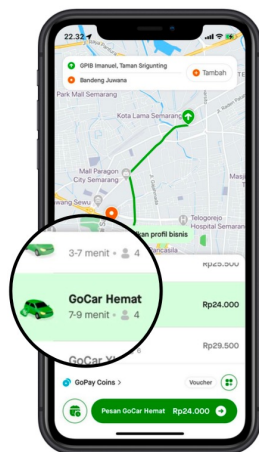
Exhibit 08. GOTO's New 'Mode Hemat' Feature

GoCar HEMAT

Lower pricing, served by **Economical cars**

Captures consumers who **Prioritize affordability**

Covers all tier-1 cities as of **June 2023**

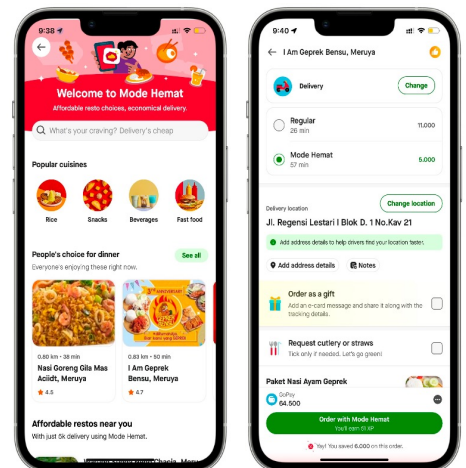


GoFood HEMAT

Affordable delivery costs for users willing to accept reduced speed and assortment

Increased order density allows **Optimized allocation**

Increased driver partners' **Productivity**



Curated assortment with low logistics cost

Longer ETA and significantly cheaper delivery fee

Source: Company

Exhibit 09. New GoPay App



Increased access to budget consumers and new avenue for monetization through lending

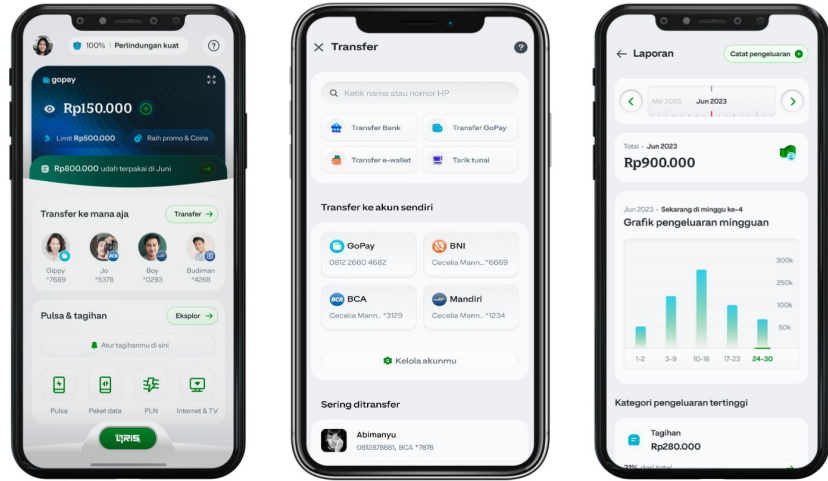
Light size app for transfers and payments.

100x free and instant transfers anywhere in Indonesia

Always get a special price for pulsa and data packages

Automatic expense tracking for better financial planning

Multi-layered security five steps to secure your account



>1mm downloads¹ with zero marketing budget

Source : Company

Exhibit 10. Financial Projections

Income Statement						Balance Sheet					
IDR bn	2020	2021	2022	2023E	2024F	IDR bn	2020	2021	2022	2023E	2024F
GTV	330,176	461,602	613,362	709,937	815,951	Current Assets	19,526	36,064	34,180	29,542	27,400
Gross Revenue	11,851	17,007	22,927	28,233	34,008	Cash & Cash Equivalents	15,319	31,151	29,009	24,187	21,476
Net revenue	3,328	4,536	11,349	18,069	23,806	Receivable	275	507	627	650	651
Gross profit	889	760	5,869	13,190	19,045	Inventories	42	34	71	76	90
EBIT	(10,167)	(22,385)	(30,330)	(18,655)	(10,764)	Others current Assets	3,890	4,371	4,473	4,629	5,184
D&A expense	(1,247)	(2,417)	(2,913)	(1,295)	(1,350)	Non-Current Assets	10,583	119,073	105,036	103,140	99,430
EBITDA	(8,920)	(19,968)	(27,417)	(17,361)	(9,414)	Fixed Asset-net	827	1,470	1,457	1,657	1,861
Adjusted EBITDA	(13,017)	(14,519)	(16,012)	(4,766)	1,835	Investments	4,852	10,655	9,913	10,887	10,887
Net finance income	26	60	385	868	940	Intangible Assets	3,865	106,427	93,069	89,541	84,698
Other income	(7,895)	(2,303)	(13,512)	1,796	303	Other Non-Current Assets	1,038	521	596	1,055	1,985
Pre-tax income	(16,789)	(22,211)	(40,545)	(15,992)	(9,521)	TOTAL ASSETS	30,109	155,137	139,217	132,682	126,831
Minority interest	(2,527)	(1,038)	(837)	(799)	(476)	Current Liabilities	5,764	12,294	12,162	10,994	9,032
Net income	(14,209)	(21,391)	(39,571)	(15,180)	(9,048)	Account Payable	640	867	1,232	1,005	932
						ST Debt	738	1,452	615	603	591
						Other current liabilities	4,386	9,974	10,315	9,386	7,509
						Non-Current Liabilities	3,545	3,819	4,331	3,715	3,197
						LT Debt	1,816	776	1,826	1,461	1,169
						Other Non-Current Liabilities	1,729	3,043	2,505	2,254	2,029
						TOTAL EQUITY	20,799	139,024	122,723	117,972	114,602
						TOTAL LIABILITIES & EQUITY	30,109	155,137	139,217	132,682	126,831
Cash Flow						Ratios					
IDR bn	2020	2021	2022	2023E	2024F	IDR bn	2020	2021	2022	2023E	2024F
CFO Total	(14,284)	(16,282)	(39,124)	(16,519)	(11,569)	GTV Growth (%)	(2)	40	33	16	15
Net Income	(14,209)	(21,391)	(39,571)	(15,180)	(9,048)	Gross Revenue Growth (%)	14	44	35	23	20
Change in Working Capital	582	3	208	(255)	(88)	Net Revenue Growth (%)	44	36	150	59	32
Change in Others	(657)	5,106	239	(1,084)	(2,432)	EBIT Growth (%)	52	(120)	(35)	38	42
CFI Total	4,118	(104,780)	17,980	1,896	3,709	EBITDA Growth (%)	56	(124)	(37)	37	46
Capex	(1,430)	(1,304)	(517)	(1,271)	(1,339)	Net Profit Growth (%)	38	(51)	(85)	62	40
Change in Others	5,548	(103,476)	18,497	3,167	5,048	Gross Margin (%)	27	17	52	73	80
CFF Total	19,497	142,579	23,631	9,801	5,148	EBIT Margin (%)	(306)	(494)	(267)	(103)	(45)
Net Change in Debt	1,502	(325)	213	(378)	(304)	EBITDA Margin (%)	(268)	(440)	(242)	(96)	(40)
Equity Financing	2,291	163,023	17,868	11,160	11,160	Net Profit Margin (%)	(427)	(472)	(349)	(84)	(38)
Others	15,704	(20,119)	5,550	(981)	(5,708)	ROA (%)	(47)	(14)	(28)	(11)	(7)
Net Cash Increase	9,215	15,832	(2,142)	(4,822)	(2,711)	ROE (%)	(68)	(15)	(32)	(13)	(8)
Closing Balance	15,319	31,151	29,009	24,187	21,476						

Sources : Company, MNCS

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

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