

Blue Bird Tbk (BIRD)

Better-than-expected daily revenue

Better-than-expected ARPV indicates a short supply of taxi

Based on BIRD's latest operational data, starting in March until May-22, its regular taxi ARPV hit above IDR600,000, well above the company's FY22 target of IDR550,000. Note that, in May-22 month, BIRD's ARPV for its regular taxi stood at IDR748,673 (+18.7% MoM and 49.7% YoY). Likewise, executive taxi ARPV also saw a 28.5% MoM/63.8% YoY improvement in May-22. Better-than-expected daily revenue of a taxi in operation most likely can be an indication that undersupply situation amidst a strong recovery in demand.

Steady regular taxi utilization rate above 70% since Mar-22

YTD until May-22, BIRD's number of fleets in operation has not recovered back to the normal level. BIRD's average regular taxis in operation was 9,930 or 66% of 2019 and executive taxis were 337 or 51% of 2019 numbers. May-22 utilization rate of regular and executive taxis stood at 72% and 51%, respectively. As indicated during our conversation with management, BIRD targets IDR1 tn capex for this year, mostly for adding new regular taxis of 3,500 cars and executive taxis of 100-150 cars. Nevertheless, this may take time as automakers do not have sufficient inventory., which leads to a long lead time.

Finding ways to secure fuel supply

A potential increase in subsidized fuel (Pertalite) price is a key concern for BIRD as fuel price constituted around 26% of its total COGS and 20.3% of total revenue in FY21. Starting July 1st, to buy subsidized fuel (Pertalite and Solar), people are required to use MyPertamina apps. This is part of gov't ways to make sure the subsidized fuel quota is sufficient until end of the fiscal year. To preempt the potential downside risk of needing to switch non-subsidized fuel, BIRD is working out its special arrangement with several gas stations located nearby its taxi depot. Hence, we view that the risk on subsidized fuel supply may not be a big issue for BIRD this year.

Maintain Buy call with higher TP of Rp2,330

We upgrade our revenue target in FY22/23F by 5.8%/0.5%, after we adjusted the number of regular taxis utilization rates. We fine-tuned the company's COGS and opex as well, given our understanding of the better impact of cost efficiency in the last 2 years. As such, we arrive at a 14.3%/7.9% higher FY22/23F net profit estimates. We rolled over our base valuation to FY23F and maintain our Buy recommendation with a higher DCF-based TP of IDR2,330/sh. Currently, BIRD trades at 0.6x PB. Key risk to our call: 1) Increase in fuel price which leads to a lower gross margin 2) Unfavorable changes in government regulation and 3) Slower-than-expected recovery in mobilization

	2020A	2021F	2022F	2023F	2024F
Sales (IDR bn)	2,047	2,221	3,118	3,632	4,012
GP (IDR bn)	335	494	834	1,016	1,151
OP (IDR bn)	(227)	(16)	286	433	531
NP (IDR bn)	(161)	8	161	256	323
EBITDA (IDR bn)	301	432	790	958	1,074
Net debt (IDR bn)	(451)	106	(548)	(748)	(807)
OP margin (%)	-11%	-1%	9%	12%	13%
ROE (%)	-3%	0%	3%	5%	6%
Dividend yield (%)	0%	1%	2%	3%	3%
EPS (IDR)	(64)	3	64	102	129
chg. (% YoY)	-151%	-105%	1989%	59%	26%
BPS (IDR)	2,093	2,057	2,102	2,174	2,264
DPS (IDR)	0	19	31	39	47
PE (x)	N/A	N/A	24.3	15.3	12.1
PB (x)	0.7	0.8	0.7	0.7	0.7
EV/EBITDA (x)	14.5	8.8	5.6	4.9	4.4

Company Update

Transportation

July 4, 2022

12M rating **BUY (Maintain)**
12M TP **IDR 2,330** (Prev IDR1,880)
Upside **+34.1%**

Stock Data

JCI (Jul 1)	6,794
Stock price (Jul 1, IDR)	1,565
Market cap (IDR bn)	3,916
Shares outstanding (m)	2,502
52-week high/low (IDR)	1,950/1,000
6M avg. daily turnover (IDR bn)	7.82
Free float (%)	20.6

Major shareholders (%)

Pusaka Citra Djokosoetono	35.2%
Purnomo Prawiro	9.6%
Sigit Priawan Djokosoetono	6.0%
Kresna Priawan Djokosoetono	6.0%
Indra Priawan Djokosoetono	5.5%
Bayu Priawan Djokosoetono	5.0%
Adrianto Djokosoetono	4.8%
Noni Sri Ayati Purnomo	4.8%
Adriyani Sri Lestari	2.5%

Performance

	1M	6M	12M
Absolute (%)	1.2	21.7	43.0
Relative to JCI (p.p)	(0.8)	9.9	18.2

BIRD share price

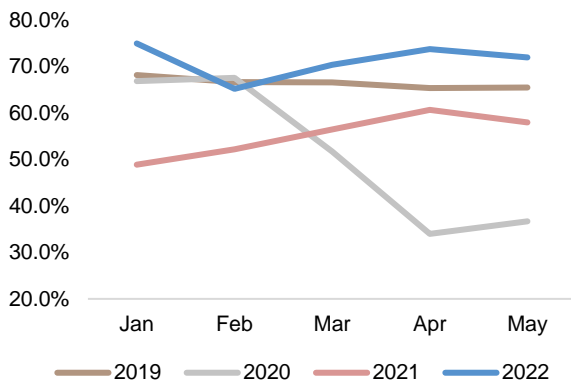


Source: Bloomberg

Fahressi Fahalmesta

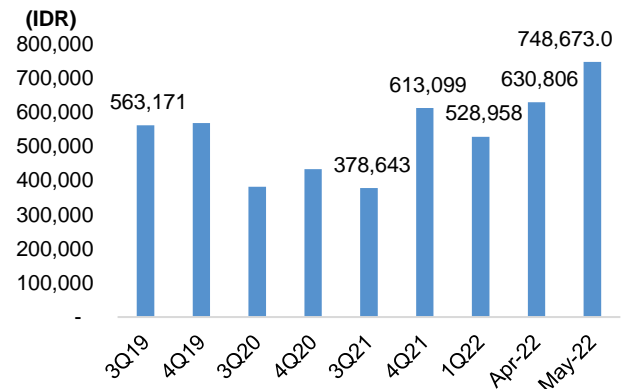
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Fig 1. Regular taxi utilization rate (Jan-May)



Source: Company, KISI

Fig 2. Regular taxi ARPV



Source: Company, KISI

Fig 3. Forecast changes

(IDR bn)	New Forecast		Old Forecast		Differences	
	2022F	2023F	2022F	2023F	2022F	2023F
Revenue	3,118	3,632	2,955	3,601	5.5%	0.9%
Gross Profit	834	1,016	758	967	10.1%	5.1%
Operating Profit	286	433	198	375	44.6%	15.6%
Net Profit	161	256	141	237	14.3%	7.9%

Source: KISI

Fig 4. DCF valuation summary

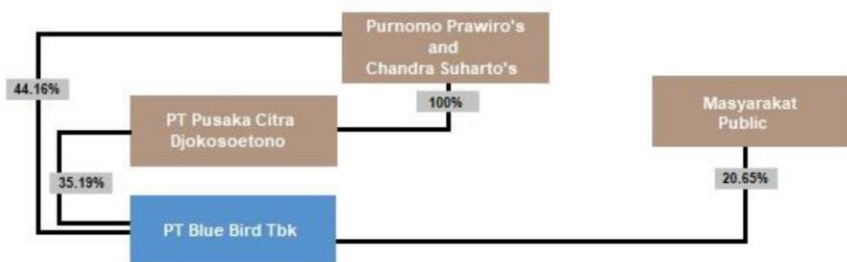
Summary of BIRD DCF valuation	
WACC	11.8%
Terminal Growth Rate	2.0%
Discounted FCF	2,317
Disc. TV	4,369
Enterprise value	6,686
Net debt	748
Minority interest	(98)
Equity value	5,841
Shares O/S (in bn)	2.5
Rounded TP (IDR)	2,330

Source: KISI

Company Overview

Blue Bird (BIRD), established in 1970s, is the pioneer taxi operator with the largest fleet in Indonesia, and the first to implement the meter system. As of 2021, the company owns 13,487 regular taxi, 1,032 executive taxi, 4,882 limousine and car rental, and 456 bus (incl. Cititrans) under the brand Blue Bird, Pusaka, Silver Bird, Golden Bird, Big Bird that is present in all major cities in Indonesia. Taxi revenue contributed 72% over the total revenue. More specifically, regular taxi fleet remain the highest revenue contributor.

Fig 5 BIRD shareholding structure



Source: Company

Balance sheet

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Current assets					
Cash & cash equivalent	799	946	848	901	932
Accounts & other receivables	251	308	342	398	440
Inventories	10	11	15	17	19
Others	181	102	145	171	189
Non-current assets					
Fixed assets	5,729	4,999	5,676	5,923	6,134
Other non-current assets	282	232	337	399	441
Total assets	7,253	6,598	7,362	7,809	8,154
Current liabilities					
Accounts & other payables	165	50	125	143	157
ST debt & bond	4	2	2	2	2
Current portion of LT debt	321	343	198	359	386
Others	149	170	201	207	225
Non-current liabilities					
LT debt & financial liabilities	924	494	1,196	1,288	1,351
Deferred tax liabilities	324	274	274	274	274
Other non-current liabilities	129	114	105	97	93
Total liabilities	2,017	1,448	2,102	2,370	2,488
Controlling interest					
Capital stock	250	250	250	250	250
Additional paid-in capital	2,513	2,513	2,513	2,513	2,513
Other Reserves	-	-	-	-	-
Retained earnings	2,375	2,287	2,400	2,579	2,805
Minority interest	97	98	98	98	98
Shareholders' equity	5,236	5,148	5,260	5,439	5,666

Cash flow

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
C/F from operating					
Net profit	(161)	8	161	256	323
Depreciation	528	448	504	525	542
Net incr. in W/C	(125)	(135)	14	(68)	(34)
Others	(39)	61	0	0	0
C/F from investing					
CAPEX	26	221	(1180)	(772)	(753)
Others	(42)	50	(104)	(63)	(42)
C/F from financing					
Incr. in equity	0	0	0	0	0
Incr. in debts	160	(411)	557	252	91
Dividends	(90)	0	(48)	(77)	(97)
Others	79	0	0	0	0
C/F from others	0	0	0	0	0
Increase in cash	336	243	(98)	53	31

Income statement

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Sales	2,047	2,221	3,118	3,632	4,012
COGS	1,712	1,727	2,283	2,616	2,861
Gross profit	335	494	834	1,016	1,151
SG&A expense	562	510	548	583	619
Operating profit	(227)	(16)	286	433	531
Interest Income	23	20	18	19	20
Interest expense	(105)	(77)	(118)	(140)	(148)
Other income	41	36	30	30	30
Other expense	(54)	(11)	0	0	0
Other non-operating profit	70	12	0	0	0
Gains (Losses) in associates, subsidiaries and JV	(39)	61	0	0	0
Earnings before tax	(290)	26	216	343	434
Income taxes	(127)	17	54	86	108
Net profit	(161)	8	161	256	323
Other comprehensive profit	0	0	0	0	0
Total comprehensive profit	0	0	0	0	0
Total comprehensive profit of controlling interest	0	0	0	0	0
EBITDA	301	432	790	958	1,074

Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	(64)	3	64	102	129
BPS	2,093	2,057	2,102	2,174	2,264
DPS	0	19	31	39	47
Growth (%)					
Sales growth	-49%	9%	40%	16%	10%
OP growth	-161%	-93%	-1874%	51%	23%
NP growth	-151%	-105%	1989%	59%	26%
EBITDA growth	-66%	43%	83%	21%	12%
Profitability (%)					
OP margin	-11%	-1%	9%	12%	13%
NP margin	-8%	0%	5%	7%	8%
EBITDA margin	15%	19%	25%	26%	27%
ROA	-2%	0%	2%	3%	4%
ROE	-3%	0%	3%	5%	6%
Dividend yield	0%	1%	2%	3%	3%
Dividend payout ratio	30%	30%	30%	30%	30%
Stability					
Net debt (cash)	451	(106)	548	748	807
Int-bearing debt/equity (%)	23.9	16.3	26.5	30.3	30.7
Valuation (X)					
PE	N/A	N/A	24.3	15.3	12.1
PB	0.7	0.8	0.7	0.7	0.7
EV/EBITDA	14.5	8.8	5.6	4.9	4.4

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