

6 September 2021

Technology | Technology

## Bukalapak (BUKA IJ)

**Buy**

### A Story Of Transformative Growth; Initiate BUY

Target Price (Return): IDR1,300 (+45%)  
Price: IDR895  
Market Cap: USD6,467m  
Avg Daily Turnover (IDR/USD) 899,072m/62.6m

- **Initiate coverage with BUY, IDR1,300 TP, 45% upside.** Bukalapak's online-to-offline (O2O) platform has significant growth potential, sustained by its solid logistics network and strong presence in non-tier-1 cities. Its strong earnings growth is backed by initiatives to improve take rates and revenue. Our SOP valuation uses the EV/sales growth metric, with 35-60% discounts vs peers. Downside risks: Slower digitalisation uptake, lacklustre post-pandemic economic recovery, slower-than-estimated expansion, and intensifying competition.
- **Derivative growth with flourishing under-penetrated market...** While it is easier for an online marketplace to penetrate non-Tier-1 cities through efficient logistics distribution networks, BUKA has an edge: It is a first-mover in the O2O platform. It boosted the digitisation of micro traditional retailers, equipped by over 300 intermediary distributors. BUKA is set to enjoy strong growth, given the low O2O platform market penetration rate of c.25%. Note that over 64m micro businesses contribute c.37% of Indonesia's GDP, and moving online is a step that more tech-savvy consumer companies take.
- **...especially with the creation of a super ecosystem:** Elang Mahkota Teknologi (Emtek) x Grab x Salim Group. Grab and Emtek recently made cross-investments to commence their partnership. Emtek and Salim also announced a potential partnership, which may leverage on Salim's technology infrastructure (data centres, digital solutions and cloud services) and consumer products' businesses (mini-markets, restaurant chains, and packaged F&B products). Emtek may offer content (media and over-the-top (OTT)), e-commerce, hospital and digital wallet services. Some potential benefits of the collaboration for BUKA are: i) Leveraging on a larger ecosystem to create market stickiness, ii) better last-mile delivery services using Grab's network, iii) leveraging on Grab's substantial base of active users; and iv) fintech opportunities creating synergies for BUKA's direct customers, and Mitra Bukalapak (its O2O platform) for working capital loans.
- **Keeping the lights on for the marketplace business.** BUKA can put in greater effort to better compete with its rivals – Shopee and Tokopedia – but we think it is set on a strong growth path for the next few years. It has ample growth opportunities, in view of the increasing rate of digitalisation, growth in the number of e-commerce users, Indonesia's sizeable population with a young age profile, and high smartphone penetration. BUKA's growing ecosystem (especially in O2O) may also help drive online consumer traffic to its online marketplace, which has plenty of room for growth.

#### Analysts

Michael Setjoadi  
+6221 5093 9844  
[michael.setjoadi@rhbgroupp.com](mailto:michael.setjoadi@rhbgroupp.com)



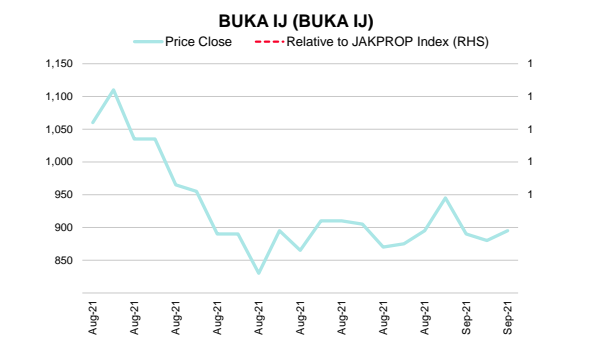
Indonesia Research Team  
+6221 509 39 888  
[rhb.id.research@rhbgroupp.com](mailto:rhb.id.research@rhbgroupp.com)

Marco Antonius  
+6221 5093 9849  
[marco.antonius@rhbgroupp.com](mailto:marco.antonius@rhbgroupp.com)



#### Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	0.0	0.0	0.0	0.0	0.0
Relative	0.0	0.0	0.0	0.0	0.0
52-wk Price low/high (IDR)				830 – 1,110	



Forecasts and Valuation	Dec-19	Dec-20	Dec-21F	Dec-22F	Dec-23F
Total turnover (IDRb)	1,077	1,352	2,121	3,620	5,844
Recurring net profit (IDRb)	(2,735)	(1,313)	(1,706)	(1,371)	(1,026)
Recurring net profit growth (%)	13.8	(52.0)	29.9	(19.6)	(25.2)
Recurring P/E (x)	na	na	na	na	na
P/B (x)	82.4	62.5	4.3	4.6	4.9
P/CF (x)	na	na	na	na	na
Dividend Yield (%)	na	na	na	na	na
EV/EBITDA (x)	na	na	na	na	na
Return on average equity (%)	(184.6)	(103.9)	(15.3)	(7.0)	(6.0)
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, RHB

6 September 2021

Technology | Technology

## Financial Exhibits

<b>Asia</b>	<b>Financial summary (IDR)</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
Indonesia	Recurring EPS	(26.54)	(12.74)	(16.55)	(13.31)	(9.96)
Technology	BVPS	10.86	14.33	208.80	194.67	183.39
<b>Bukalapak</b>	Return on average equity (%)	(184.6)	(103.9)	(15.3)	(7.0)	(6.0)
BUKA IJ						
Buy						
<b>Valuation basis</b>	<b>Valuation metrics</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
We use STOP based on EV/Sales growth for each segment resulting our TP of IDR1,300	Recurring P/E (x)	na	na	na	na	na
	P/B (x)	82.4	62.5	4.3	4.6	4.9
	FCF Yield (%)	(3.2)	(1.0)	(1.5)	(1.1)	(0.8)
	EV/EBITDA (x)	na	na	na	na	na
	EV/EBIT (x)	na	na	na	na	na
<b>Key drivers</b>	<b>Income statement (IDRb)</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
i. Growing e-commerce business;	Total turnover	1,077	1,352	2,121	3,620	5,844
ii. Increasing digitalisation, especially for SMEs;	Gross profit	809	1,228	2,016	3,484	5,674
iii. Strong growth potential in the O2O businesses.	EBITDA	(2,628)	(1,603)	(2,193)	(1,919)	(1,404)
	Depreciation and amortisation	(153)	(185)	(207)	(225)	(250)
	Operating profit	(2,781)	(1,789)	(2,400)	(2,144)	(1,654)
	Net interest	46	6	213	386	339
	Pre-tax profit	(2,795)	(1,832)	(2,251)	(1,867)	(1,491)
	Taxation	0	483	495	411	328
	Reported net profit	(2,795)	(1,349)	(1,756)	(1,456)	(1,163)
	Recurring net profit	(2,735)	(1,313)	(1,706)	(1,371)	(1,026)
<b>Key risks</b>	<b>Cash flow (IDRb)</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
i. Increasing competition;	Change in working capital	(353)	324	230	228	227
ii. Slower financial penetration;	Cash flow from operations	(2,977)	(891)	(1,362)	(1,033)	(726)
iii. Delayed infrastructure development.	Cash flow from investing activities	(193)	(322)	(159)	(206)	(255)
	Cash flow from financing activities	2,005	1,814	21,804	57	80
	Cash at beginning of period	2,049	884	1,484	21,767	20,586
	Net change in cash	(1,165)	601	20,283	(1,181)	(902)
	Ending balance cash	884	1,485	21,767	20,586	19,684
<b>Company Profile</b>	<b>Balance sheet (IDRb)</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
Bukalapak provides e-discretionary services. The company also offers range of electronics, foods, shoes, apparel, watches, bags, cosmetics products and other accessories. Bukalapak.com serves customers in Indonesia.	Total cash and equivalents	884	1,484	21,767	20,586	19,684
	Tangible fixed assets	452	272	202	166	149
	Total assets	2,054	2,594	23,027	22,191	21,876
	Total liabilities	898	986	1,417	2,036	2,884
	Total equity	1,155	1,608	21,611	20,155	18,992
	Total liabilities & equity	2,054	2,594	23,027	22,191	21,876
	<b>Key metrics</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
	Revenue growth (%)	268.8	25.5	56.9	70.7	61.4
	Recurrent EPS growth (%)	13.8	(52.0)	29.9	(19.6)	(25.2)
	Gross margin (%)	75.1	90.9	95.1	96.2	97.1
	Operating EBITDA margin (%)	(244.1)	(118.6)	(103.4)	(53.0)	(24.0)
	Net profit margin (%)	(259.6)	(99.8)	(82.8)	(40.2)	(19.9)
	Interest cover (x)	(7,502)	(209)	(73)	(43)	(23)

Source: Company data, RHB

## Investment Thesis

### Laying a solid foundation for Mitra Bukalapak

**Digitising traditional trade.** To remain competitive, BUKA became a pioneer in digitising traditional trade in Tier-2 and Tier-3 cities in Indonesia. In these cities, digital adoption is lower than in the metropolitan areas. BUKA introduced Mitra Bukalapak, which helps micro-retail stores and neighborhood kiosks digitise their businesses. Mitra Bukalapak was originally aimed at empowering millions of under-served *warungs* (mom-and-pop stores in suburban and rural areas) to modernise their operations and help bridge the gap between them and an increasingly tech-savvy consumer base. For many months, it operated as a startup-within-a-startup, iterating and pivoting to find just the right market fit for its products. Mitra Bukalapak has established a solid competitive position in Indonesia's business-to-business (B2B) e-commerce landscape, and should be on its way to forging a first-mover advantage in this segment. It claims to be the "dominant e-commerce platform beyond Tier-1 regions" and the No 1 Mitra network in Indonesia at this moment.

*Note: BUKA terms the mom-and-pop businesses that partner with it on the O2O platform as "Mitras", and we will use this term to denote them in this report.*

BUKA's market share was c.35% in non-Tier 1 cities in Indonesia, and a 39% share of the e-warungs in 2020.

**Segmental pioneer with greater bargaining power.** With Mitra Bukalapak, BUKA should be able to shorten its delivery times and better manage inventory – even though it encountered some resistance from manufacturers when it first started. BUKA has helped bolster product sales of some major fast-moving consumer goods (FMCG) consumers like Indofood, Unilever Indonesia (UNVR IJ, BUY, TP: IDR5,800), Cola-Cola Amatil, and Heinz ABC Indonesia. Our ground checks indicate that BUKA sourced its products from distributors, and not directly from manufacturers. An increasing network of Mitras may attract other FMCG players to cooperate with BUKA – which will expand its product offerings. Also, BUKA's higher bargaining power should enable it to source for products directly from manufacturers, or better negotiate prices.

**Mitras' extensive reach could create collaboration opportunities with other players and industry.** This is as BUKA may find it challenging to build its own distribution system in some areas in Indonesia. For example, Mitra Bukalapak cooperated with Jakarta's regional government to distribute social aid during the pandemic. We believe its extensive network could make it an attractive partner for some finance companies, eg on payment points related to loans or savings, funds for the *hajj*, topping up e-wallets, among others. The Mitras provide new opportunities for other industries that want to expand rapidly without having to incur significant costs.

**Other opportunities to create value (ie group buying).** Aside from this, group-buying or team-buying systems may be another avenue for BUKA's business expansion. The business model – in which consumers pool orders to enjoy deep discounts – has growth potential in Indonesia, particularly in targeting the many underserved consumers in lower-tier cities or rural areas. This business model could even be applied in second- or third-tier cities, where costs are not the only key pain point – logistical challenges can also be costly. We note the company has launched this initiative in the last few months, with some local adjustments. According to BUKA, the results have been encouraging so far.

**BUKA offers the most comprehensive range of products and services.** From a strategic standpoint, these segments may present attractive opportunities, particularly on increasing financial inclusion in Indonesia's huge underserved markets. Competition in the industry would be immense, as platforms fight for market share. Through the analysis above, Mitra Bukalapak has the most complete set of programmes, features, and product offerings when compared with its competitors. It has an on-par payment facility, above-average product offerings, a variety of discounts and promotions, and offers items at competitive prices. However, in terms of business loan capacity, it provides the smallest maximum business loan of IDR500,000 compared to Payfazz's IDR3m and Mitra Shopee's maximum, which is in the hundreds of millions.

**The importance of working capital financing; value-added services can provide additional traffic to Mitras.** Enhancing its financing capabilities remain a critical factor of success, given the nature of Mitra businesses. Most of the sellers on Mitra Bukalapak's platform are small mom-and-pop businesses with offline target markets, ie neighbours or nearby customers, and demand for their products and services may include digital services (top-ups, utility bill payments) or purchasing essential needs, including dine-in services.

While such sellers do not need the big customer base or network offered by the marketplace, BUKA is able to provide opportunities for them to grow sales by offering a wider range of products/services and offline touchpoints to the surrounding community (drop-off points,

6 September 2021

Technology | Technology

payment channels, pick-up points), as well as book-keeping tools (points-of-sale and mobile ledger system). Most importantly, these sellers usually have to provide uncollateralised credit to customers (locally known as called *kasbon*), which extends working capital requirements.

These sellers are generally non-bankable, or have very limited credit history. As such, we believe the most relevant product offerings from BUKA or any B2B platforms would be based on how lenient payment methods and terms are. Small-scale sellers with limited financial capabilities tend to prioritise working capital over product variety or profit maximisation.

**User-friendliness is important, especially with less tech-savvy Mitras.** We also think BUKA's first-mover initiatives give it an edge over rivals, in terms of customer stickiness. We tried using Bukalapak's application for Mitras and found it quite simple to navigate. Such apps should help BUKA maintain its position as the top choice for consumers accessing products from Mitra businesses. Most Mitra owners are less tech-savvy, and prefer to use applications that are fuss-free. As such, the risk of these sellers working with other online platforms is decreased.

### Harnessing synergy: Emtek x Grab

**Ecosystem: Key to generating traffic and boosting customer loyalty.** In 1Q21, Grab acquired a 5% stake in Emtek for IDR5.5trn (USD385m). In turn, Emtek acquired a 6% stake in Grab Indonesia. This cross investment indicates that the companies are committed to working together to improve the ecosystem shared by the Grab super app and Emtek, a media and e-commerce conglomerate. This is the first step by these companies to better compete with Go-To, the merged entity of Gojek and Tokopedia. We think there are a few potential collaborations that could benefit BUKA (as it is an Emtek subsidiary). In addition, Emtek and Salim have announced a potential partnership, which will leverage on the latter's technology infrastructure (data centres, digital solutions and cloud services) and consumer product businesses (mini-markets, restaurant chains, as well as packaged food and beverage products), while the former will offer content expertise in media and OTT, e-commerce, and hospital and digital wallets.

Some of the positive synergies that may emerge:

- i. Any e-commerce player can boost bargaining power and user stickiness by creating an ecosystem;
- ii. BUKA can improve its delivery services by working with Grab;
- iii. Growing GrabMart or increasing e-grocery transactions amidst the pandemic – which would improve user frequency and traffic for BUKA;
- iv. More active users of Grab could start using Mitra Bukalapak;
- v. Growth potential in fintech;
- vi. BUKA may be able to leverage on Emtek's TV broadcasting business and vast data base to ramp up its promotional activities. Emtek owns Surya Citra Media (SCMA IJ, BUY, TP: IDR1,960);
- vii. Emtek's collaboration with Salim should enable the Emtek-BUKA partnership to better access the FMCG business;
- viii. BUKA can also tap into Salim's data centre business.

### Brighter outlook and stronger numbers ahead

**We expect BUKA to book a c.66% revenue CAGR (2021-2023),** mainly due to its O2O business. We see strong growth potential for Mitras, as BUKA currently has a greater competitive advantage over its peers. As Indonesia is still in the early stages of ramping up digitisation, BUKA has ample opportunities to grow its take rate (its take of each sale transacted through the platform). Shopify has a take rate of 2.6-2.9% of gross merchandise value (GMV), while eBay has a take rate of almost 9% of GMV, and Etsy 15% of GMV.

**Larger scale to enhance profitability in the future; may take a while before earnings are positive.** We believe BUKA will start booking profits from 2025. Note that Amazon operated for nine years in a net loss position. SEA Group was still in the red in 2Q21. Despite COVID-19, its popular e-commerce business, Shopee, booked a loss of USD1.4bn in 2020.

**We initiate coverage with BUY, and a IDR1,300 TP.** Our 12M TP is based on a SOP valuation that focuses on the following segments:

- i. Mitra (O2O);

6 September 2021

[Technology](#) | Technology

- ii. The online marketplace;
- iii. Procurement platform Buka Pengadaan

BUKA's main competitive advantage lies in its Mitra segment. We use 2023 as a base year for many calculations, as we expect BUKA to begin reaping benefits from 2023. We use 0.11x EV/sales growth to value the marketplace business, which is also at a 40% discount to the mean EV/sales growth of global e-commerce players. For the Mitra business, we value it at 0.37x EV/sales growth, as it may have greater opportunities for monetisation ahead. This is at a c.35% discount to Shopify's EV/sales growth (we use Shopify as a proxy for global O2O players). On top of this, we use 0.24x EV/sales growth to value Buka Pengadaan, and this is at a 60% discount to Shopify's metric. This is because we expect it to continue making minor contributions to total numbers going forward.

**Risks to our outlook** include slower digitisation, weaker-than-expected economic recovery post COVID-19, slower-than-estimated business expansion (especially in boosting its Mitra business), and increasing competition.

## A Solid Foundation For The Mitra Channel

### Fueling expansion with a stronger, larger presence

#### Pioneering the digitisation of traditional trade, with the focus on Tier-2 and -3 cities.

To remain competitive, BUKA made an effort to digitise traditional trade in Tier-2 and -3 cities in Indonesia. It established Mitra Bukalapak, an O2O platform that digitises the operations of micro-retail stores and neighborhood kiosks. Mitra Bukalapak is aimed at empowering millions of Mitras, by modernising their operations and helping them bridge the gap with an increasingly tech-savvy consumer base.

**Strong growth potential in O2O.** Mitra Bukalapak has established a solid competitive position in Indonesia's B2B e-commerce landscape, and may be on its way to becoming a first-mover in this segment. It claims to be the "dominant e-commerce platform beyond Tier-1 regions" and the "No 1 Mitra network in Indonesia at this moment". In 2020, BUKA had a market share of c.35% in non-Tier 1 cities, and a 39% share of the *e-warung* space.

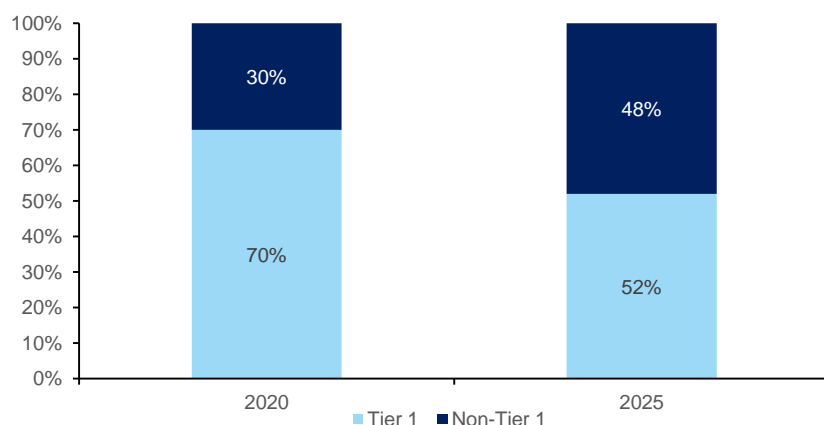
**Solid support system in distribution a key competitive advantage.** While it is relatively easier for an online marketplace to penetrate non-Tier 1 cities, BUKA has a first-mover advantage on the O2O platform in digitising micro traditional retailers, as it has over 300 intermediary distributors in its network. Since 2018, the number of Mitras that have signed up for its O2O services has risen by 5-6 times – and this is expected to continue growing. The number of Mitras increased from 5.4m in 2Q20 to 8.7m in 2Q21. Active Mitras reached 3.8m. Also, the total processing value (TPV) of the Mitra segment recorded a handsome 105% CAGR over 2018-2020, translating to a c.27% TPV contribution (vs 19% in 2018). In 2Q21, Mitra's TPV registered a strong 237% YoY growth, while in 1H21, it rose 227% YoY.

**BUKA's O2O platform hosts only 25% of the c.64m micro-businesses that account for a 37% of Indonesia's GDP.** There is still much growth potential for the traditional retailers that are looking to digitise their services – this is especially so for younger Mitra owners. Outside metropolitan areas (where digital services are still not as widely used), they are able to reach a more tech-savvy consumer base through O2O platforms.

**Large revenue growth potential from existing users.** As 64m micro businesses contribute 37% of GDP, this could mean that a single business may engage in transactions worth IDR93m pa. Mitra Bukalapak's 2020 TPV/active user was only around IDR6-7m. Similar to O2O channels, online sales generally still contribute <10% of total sales of many businesses. As such, there is much room for growth – as they can certainly increase the value of online transactions through companies like Mitra Bukalapak, which in turn may leverage on synergies created with Grab and Salim.

**Non-Tier-1 cities offer the greatest digital growth potential for O2O businesses,** according to Frost and Sullivan, as GMV from these areas are expected to account for 48% of total GMV in 2021, from 2020's 30%. Massive infrastructure projects that are ongoing should also enhance connectivity and support this growth. The development of the new capital – which will be in Kalimantan – should accelerate growth in ex-Java. As such, a technology company that has a first-mover advantage should be able to capitalise on this growth. That said, most Mitras remain concentrated in Java proper at present, but the outer Java islands may offer greater growth opportunities and lower barriers to entry.

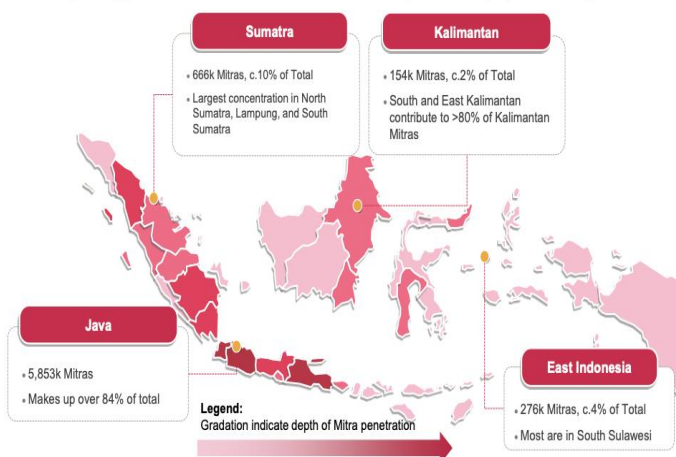
Figure 1: GMV contributions from Tier-1 and non-Tier-1 cities



- ◆ There are growth opportunities beyond the Tier-1 cities over the long term
- ◆ BUKA's first-mover advantage puts it in a better position to capture potential growth markets
- ◆ It has a c.35% market share in non-Tier-1 cities in Indonesia

Source: Company data, Frost & Sullivan

Figure 2: Mitra Bukalapak's footprint across Indonesia



Source: Company data, Frost & Sullivan

**Revenue model for O2O platforms.** In the Mitra business segment, BUKA created a revenue stream based on commissions charged from the sales of physical products from FMCG principals and merchants to Mitra partners, and sales of virtual products (prepaid phone credit and data) from these partners to their customers. BUKA works with offline micro retailers to digitalise their offerings and address challenges in their businesses. Examples are logistics and supply chain management.

**How BUKA adds value for Mitras and product resellers.** Many small retailers lack the scale to negotiate directly with FMCG companies like Unilever or Procter & Gamble. Consequently, they can only procure inventory from wholesale stores via distributors or sales agents who visit them to push items. These middlemen also eat into retailers' margins. Mitra Bukalapak aims to reduce these layers of middlemen, while aggregating demand from its many partner micro retailers. This enables the company to deal with FMCG manufacturers directly, which should lower costs for its partners.

Figure 3: Current supply chain for micro retailers

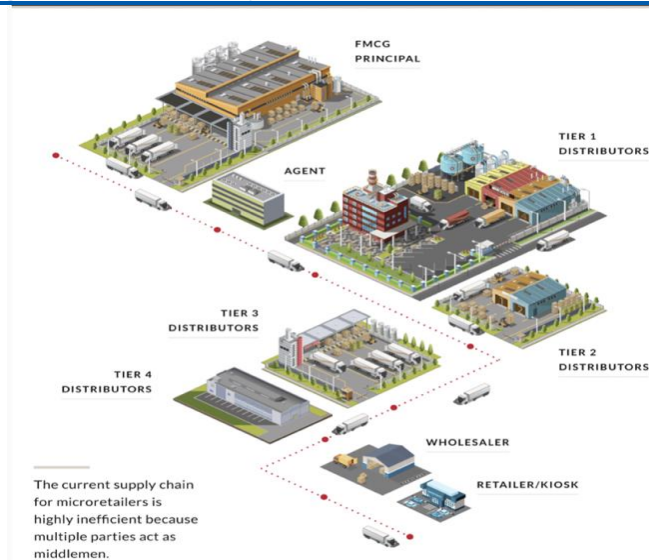
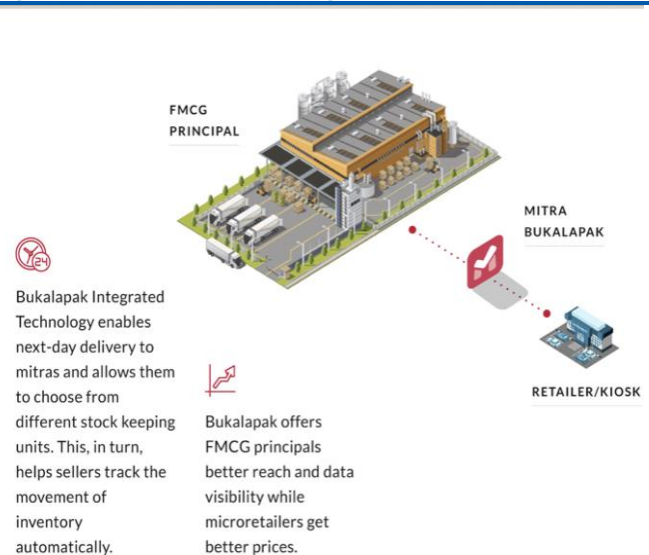


Figure 4: Value-added offerings from BUKA



Source: Company data, Tech in Asia

Source: Company data, Tech in Asia

**Higher bargaining power from this segment pioneer.** BUKA may be able to shorten delivery times and improve the flow of inventory for its partners. It has facilitated the flow of products from major FMCG players like Indofood, Unilever Indonesia, Cola-Cola Amatil and Heinz ABC Indonesia. Our ground checks suggest that BUKA sources its products from distributors. By growing the number of Mitras under its umbrella, BUKA may be able to attract FMCG companies to supply to them directly – thereby widening the range of products sold on its platform too. This could also enable it to have greater bargaining power against suppliers, which should enhance margins.

6 September 2021

Technology | Technology

**Mitras' extensive reach improves BUKA's potential to work with other players and industries.** This is as building its own distribution system may be challenging in some areas in Indonesia. Mitra Bukalapak has worked with Jakarta's regional government to distribute social assistance during COVID-19-related lockdowns. We also believe that its high number of Mitras make it an attractive company for finance companies to work with.

**Other opportunities to create value.** Group buying or team buying systems may bring about another business avenue. Here, customers pool orders to enjoy deep discounts – such a trend could take off in Indonesia, as it would prove beneficial for many underserved places like lower-tier cities or rural areas where costs and logistic challenges may be pain points for sellers.

**Further monetisation as resellers enjoy higher margins.** BUKA may, at some point, leverage on its leadership position in non-Tier-1 cities. Mitras can be monetised as the main contact point, or as main agents that meet demand from surrounding areas or communities. If the demand for certain products and services within a certain area can be consolidated, they would be better able to make bulk orders and enjoy greater pricing power. As such, the retail prices may also be kinder (if savings are passed on to consumers) to end-users in more remote areas – the longer it or further distance it takes to deliver an item, the more expensive the item will be.

**Pinduoduo in China – a successful example.** Founded in Sep 2015, Pinduoduo is the fastest-growing e-commerce start-up in China. It had a GMV of USD15bn only two years after its launch (Alibaba and JD.com took five and 10 years to reach this point). Today, Pinduoduo's >USD40bn market cap equivalent to that of JD.com and its 366m monthly users and 536m annual active buyers are both second only to Alibaba in China.

An O2O approach seems to be the way to go, as shown by social commerce start-ups like Super, Chilibeli, and KitaBeli. As such, BUKA should have an edge over these companies, in view of its formidable foothold across the country. These start-ups targeted niche markets and mainly operated in a number of cities, mostly in Java. BUKA also has a logistics advantage, on top of technical expertise and financial support, in boosting digital adoption.

**Figure 5: Profiles of key group/community buying start-ups**

	Year established	Total funding	Number of funding rounds	Investors (to name a few)	Number of downloads	Operating areas
Super	2018	USD35m	3	Softbank Ventures Asia, Amasia, Insignia Ventures Partners, DST Global, Y Combinator, TNB AURA, Arrive, B Capital Group	>10,000	East Java
Chilibeli	2019	USD10m	3	Lightspeed Venture Partners, Surge, Alto Partners SGR, Kinesys Group, Alto Partners Multi-Family Office, Golden Gate, Omidyar Network, Blume Ventures	>50,000	Greater Jakarta, East Java (Surabaya, Gresik, Sidoarjo) and West Java (Bandung)
KitaBeli	2020	USD10m	2	Go Ventures, East Ventures, AC Ventures	>100,000	Greater Jakarta, East Java (Malang), Central Java (Solo, Kediri)

Source: Various sources, Crunchbase, Companies data, RHB

### Mitras' and sellers' views on BUKA's value-adds

**BUKA has a first-mover edge over peers, due to its extensive network of Mitras and its distribution system, which provides economies of scale.** In this section, we will focus on BUKA's competitive advantage from the sellers' point of view. As mom-and-pop business owners, their goals – aside from growing sales – are to maximise profits and improve working capital. As such, to entice sellers to transact through Mitra Bukalapak, BUKA (being a leader in this segment) has to offer great products and services, charge attractive rates, and implement flexible payment schemes.

While other large online platforms have begun ramping up their expansion in this category (eg Mitra Tokopedia and Mitra Shopee), we believe BUKA has a first-mover advantage. Its wide network of partners enables it to have greater bargaining power (compared to that of its peers) over suppliers (ie distributors, not the FMCG manufacturers).

**Key functions of Mitra Bukalapak vs peers.** We conducted ground checks to better understand BUKA's app features and other related activities vs its competitors. Our ground checks on e-warungs compares Mitra Bukalapak against Mitra Tokopedia, Mitra Shopee, GrabKios, Payfazz, Warung Pintar, and GudangAda. In less than five years since their inception, these platforms have helped millions of micro, small and medium enterprises across Indonesia. We believe Mitras' dependence on BUKA's services will stem not only from wider financing options, but also from it having more product, service and price options, convenience in product/service delivery, customer service, and the user-friendliness of its applications.

Figure 6: e-warung platforms in Indonesia

	Number of downloads	Physical products	Virtual products	Supporting tools	Loan facility
Mitra Bukalapak	4,587,873	Yes	Yes	Yes	Yes
Mitra Tokopedia	3,528,351	Yes	Yes	Yes	Yes
Mitra Shopee	1,143,953	No	Yes	No	Yes
GrabKios	4,121,653	No	Yes	No	No
Payfazz	92,277	Yes	Yes	Yes	Yes
Warung Pintar	385,158	Yes	Yes	Yes	No
Gudang Ada	485,060	Yes	No	No	No

Source: Various sources, Companies data, RHB

**BUKA offers the most comprehensive products and services.** This may bring about new growth opportunities – especially if it can successfully provide financial services to Indonesia's huge underserved market. Figure 7 shows that BUKA has the largest array of programmes, features and product offerings – while providing on-par payment facilities, above-average product offerings, a variety of discounts and promotions, and competitive prices. In terms of business loan capacity, however, Mitra Bukalapak has the smallest business loan ceiling of IDR500,000 vs Payfazz and Mitra Shopee.

**Mitras need higher working capital credit limit to better utilise fintech resources.** BUKA should consider increasing its credit limit for Mitras, to further its edge over rivals. The next growth area may come from working capital loans for Bukalapak's network of Mitras. Providing loans for working capital could attract more Mitras to work with its O2O platform, while creating a new income stream. This would also encourage Mitras to broaden the scope of their online transactions.

**Working capital financing and value-added services.** Enhancing its financing capabilities remains a critical factor of success, given the nature of Mitra businesses. Most of the sellers on Mitra Bukalapak's platform are small mom-and-pop businesses with offline target markets, ie neighbours or nearby customers, and demand for their products and services may include digital services (top-ups, utility bill payments) or purchasing essential needs, including dine-in services. Such sellers do not need the big customer base or network offered by the marketplace. However, BUKA can provide opportunities for them to grow sales by offering a wider range of products/services and offline touchpoints to the surrounding community (drop-off points, payment channels, pick-up points), as well as book-keeping tools (points-of-sale and mobile ledger system). Most importantly, these sellers usually have to provide uncollateralised credit to customers, which extends working capital requirements.

**Fee-based income – a way to share revenue and generate traffic.** BUKA shares the fees charged to end-buyers with Mitras. Also, its digital services could boost traffic to the Mitras' e-stores, and while helping sell other products (offline) offered by the small business, and potentially cross sell other products sold by the Mitra's (offline products). For instance, Alfamart's store network leveraged on its stakeholder GoTo's e-commerce expertise to buoy sales.

**Addressing Mitras' relevant needs to improve customer frequency and transactions.** Getting micro, small and medium-sized enterprises on-board with digitisation is a tough challenge, because small business owners need to understand how to leverage on the technology before using it. As an early mover, Mitra Bukalapak can continue to field responses from its client base, identifying their problems and coming up with solutions for such. Areas could include client acquisition, teaching new users how to navigate the app, and trouble-shooting tech issues. BUKA deploys teams to visit Mitras physically, to obtain feedback and strengthen ties. By doing so, it is also better able to meet the needs of the Mitras, in areas like inventory management and accounting.

**User-friendliness is important, especially with the less tech-savvy Mitras.** We tried using BUKA's application and found it fairly simple to navigate. Ease of use helps to make

6 September 2021

Technology | Technology

it a top option for Mitras to generate and boost online sales. We believe many Mitra owners are less tech-savvy – so they would prefer to use a fuss-free app.

Details of the comparison are as below:

- i. **Onboarding.** These platform apps can be downloaded from the Google Play Store (but only Mitra Shopee is available on iOS). Apps ask users for basic details, eg name, login and password.

To access additional features like increasing the credit limit, as well as inventory management and accounting tools, the apps will ask for ID verification via a photo or, in some cases for apps like Mitra Bukalapak, GrabKios and Warung Pintar, an additional photo of the shop is required. Verification can take up to 48 hours.

- ii. **Business loans.** Mitra Bukalapak, Mitra Shopee, and Payfazz are three of the seven platforms that have business loan schemes for their users.

Mitra Bukalapak offers loans of IDR300,000-500,000, depending on the transaction history of the user. It charges an administrative and interest fee of 5%, a daily penalty fee of 0.4-0.67%, and loans have a one-month duration. Applicants must be at least 21 years old, and have to provide identification documents, reference contracts, and proof of monthly income and expenses. The loan can only be used to buy wholesale category goods and data products.

Mitra Shopee's credit limit ranges from hundreds of thousands to hundreds of millions, with no minimum limit. However, its business loan scheme is by invitation – selected sellers can apply for a loan by filling an application form. The seller is required to have sold via the application or website for a minimum of six months, have an average sales transaction of IDR28k in the last six months, a penalty point of under 4 in the last three months, and never committed or attempted to commit fraud on Shopee platforms. The selected applicant has to pay administrative and interest fees of 1.2-1.5%, and a monthly penalty fee of 2%. The duration of the loans is between three and six months.

Payfazz provides three options under its "Kredit Agen", and loans range from IDR500,000 to IDR3m. It charges an administrative and interest fee of 3%, a daily penalty fee of 0.5%, and loans have a duration of 14 days. Applicants need to have verified accounts, and own a physical store.

- iii. **Payment.** Payment facilities, other than for Mitra Shopee, consist of instant and digital payments. Instant payments include credit cards and bank transfers while digital payment options consist of AkuLaku, Kredivo, DANA, OVO, Linkaja, etc. Top-up and withdrawal services are widely available through Indomaret, Alfamart, and Pos Indonesia outlets. For Mitra Bukalapak and Mitra Tokopedia, a Mitra Balance facility is provided. Mitra Shopee only has one payment facility, ie its proprietary ShopeePay. Cash-on-delivery terms are available for Mitra Bukalapak, Mitra Tokopedia, GrabKios, Payfazz, and WarungPintar - with terms and conditions written in.

**Figure 7: Payment facilities between the online platforms**

	Mitra Bukalapak	Mitra Tokopedia	Mitra Shopee	GrabKios	Payfazz	Warung Pintar	GudangAda
Instant payment	✓	✓	X	✓	✓	✓	✓
Digital payment	✓	✓	X	✓	✓	✓	✓
COD	✓	✓	X	✓	✓	✓	X
Own-platform	Saldo Mitra	Saldo Mitra	Shopee Pay	OVO	Deposit Payfazz	X	X

Source: Companies data, RHB, Various sources

- iv. **Product and delivery.** Product offerings are divided into two categories – physical or virtual products. All the platforms, save Mitra Shopee and GrabKios, offer physical and virtual products. Mitra Shopee and GrabKios do not provide physical products and only focus on the sales and distribution of virtual products such as data packages, game vouchers, credit instalments, utility bill payments, and Health Care and Social Security Agency (BPJS) payments. Physical products are available at the remaining platforms – product categories include sachet or packaged drinks, household appliances, snacks, instant food, baby or women's necessities, canned foods, spices and ingredients, health, home hygiene, fresh products and body care.

All platforms but Mitra Shopee and GrabKios offer delivery services – on a same-day, next-day and regular basis. There are small differences in delivery terms. Purchases made on Mitra Tokopedia before 7.00AM are eligible for same-day delivery (and next-day delivery thereafter). Warung Pintar only provides next-day and regular deliveries – orders before 4.00PM on Monday-Friday are eligible for next-day delivery. Third-party

logistics (3PL) offerings also vary across platforms, with Mitra Bukalapak collaborating with GrabExpress, SiCepat, Lion Parcel, JNE, Ninja, and J&T. GudangAda has its own delivery service, GADA Logistics. Free delivery services are available on all platforms.

- v. **Discounts and promotions.** Various promotions such as cashback, discounts, flash sales, and vouchers can be found on all platforms. Examples include credit discounts for data transactions, multiple game voucher transactions for extra cashback, twin date promotions (eg for 6.6 or 6 Jun, 7.7 or 7 Jul, 8.8 for 8 Aug), and many more.

Loyalty points are also available on Mitra Bukalapak, Mitra Tokopedia, and Warung Pintar. BUKA has the most comprehensive loyalty programme. With a minimum of two transactions related to data packages, electric tokens, bus or train tickets, and credit instalments, the user can earn 10 loyalty points per transaction. These points can then be accumulated and redeemed when buying products.

Mitra Bukalapak, Mitra Tokopedia, Mitra Shopee and Payfazz have commission systems. Mitra Bukalapak, again, has the most comprehensive commission system, especially on its virtual products – there are cashback and commission rewards for each product category. For Mitra Shopee, commissions are given as ShopeePay bonuses, and can be used to buy digital products on all Shopee applications. Payfazz has a referral-based commission system, via Agen Premium and Agen Super Premium. The former earns a IDR50 commission for every transaction made by his/her referral agent, and the latter earns IDR250 per fund transfer transaction.

**Figure 8: Discounts and promotions**

	Mitra Bukalapak	Mitra Tokopedia	Mitra Shopee	GrabKios	Payfazz	Warung Pintar	GudangAda
Loyalty points	✓	✓	X	X	X	✓	X
Commission	✓	✓	✓	X	✓	X	X

Source: Company data, RHB, Various sources

- vi. **Additional features.** Mitra Bukalapak, Mitra Tokopedia, Payfazz and Warung Pintar provide additional features such as inventory management and accounting tools. These bookkeeping features automatically record transactions such as credit, data packages, electricity tokens, digital top-ups, and money transfers. Information that can be obtained includes total profit from products sold, total sales transactions, sales turnover, breakdown of profit per product, and daily sales profit.

Mitra Shopee and GrabKios do not provide these additional features, as they only give users tips on how to manage inventory and bookkeeping. GudangAda does not provide this feature. Live customer service can be found on all platforms except Payfazz.

**Figure 9: Additional features**

	Mitra Bukalapak	Mitra Tokopedia	Mitra Shopee	GrabKios	Payfazz	Warung Pintar	GudangAda
Additional features	✓	✓	X	X	✓	✓	X
Live CS	✓	✓	✓	✓	X	✓	✓

Source: Companies data, RHB, Various sources

- vii. **Price comparison.** Mitra Bukalapak has the most complete range of products – from basic necessities to cooking ingredients, household appliances, and others. GudangAda, Mitra Tokopedia, Warung Pintar, and Payfazz – ranked in the order of product-range completeness – trail behind Mitra Bukalapak. Of the 17 products listed for price comparison among the platforms, 94% are listed on Mitra Bukalapak, 76% on GudangAda, 53% on Mitra Tokopedia, 44% on Warung Pintar, and 18% on Payfazz. Mitra Shopee and GrabKios do not provide physical products. Due to the diverse product offerings and inventory stock amongst the platforms, we are unable to provide a comprehensive comparative analysis on price points.

6 September 2021

Technology | Technology

## Harnessing Synergy: Emtek x Grab

In 1Q21, Grab acquired a 5% stake in Emtek for IDR5.5trn (USD385m), and in turn, Emtek acquired a 6% stake in Grab Indonesia. This cross investment indicates that companies are committed to working together to improve the ecosystem shared by the Grab super app and Emtek, a media and e-commerce conglomerate. We think there are a few potential collaborations that could benefit BUKA, as an Emtek subsidiary. Emtek and Salim have also announced a potential partnership, which will leverage on the latter's technology infrastructure and consumer product businesses, while the former will offer content expertise in media and OTT, e-commerce, and hospital and digital wallets.

Potential opportunities from the Emtek x Grab partnership are listed below:

**Figure 10: Possible Emtek x Grab synergies**



Source: Tech in Asia

- i. **E-commerce players can only increase bargaining power and user stickiness through creating an ecosystem.** Having more functions and capabilities within the ecosystem would allow the company to charge higher rates – as both customers and suppliers/sellers are more dependent on the ecosystem. An ecosystem also improves convenience for the customer, as all services and features could be found within a single app. BUKA's collaboration with Grab should enable it to enhance its marketplace, O2O business, and boost Grab's delivery services at the same time. BUKA claims that c.90% of its users use Mitra apps exclusively because the technology provided address all their needs and facilitates more revenue streams.
- ii. **Improving delivery services via the Grab tie-up.** BUKA may work with Grab on last-mile delivery services – as it could leverage on Grab's sizeable base of drivers and riders. At present, logistics becomes a key issue when certain Mitras are located away from delivery destinations. By working with Salim, BUKA may be able to bank on the former's logistics resources, as the Salim subsidiary Indomobil Multi Jasa (IMJS IJ, NR) is a leader in first-mile logistics, with a fleet of 10,000 lorries and many rental cars already serving FMCG and e-commerce clients.

Figure 11: Delivery costs and times by location (from Jakarta)

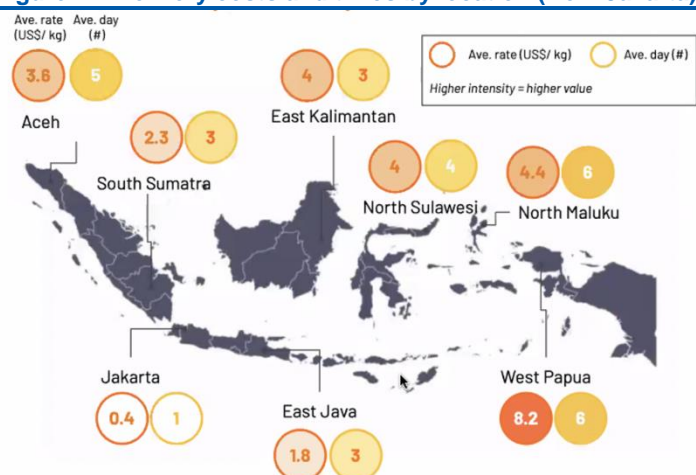
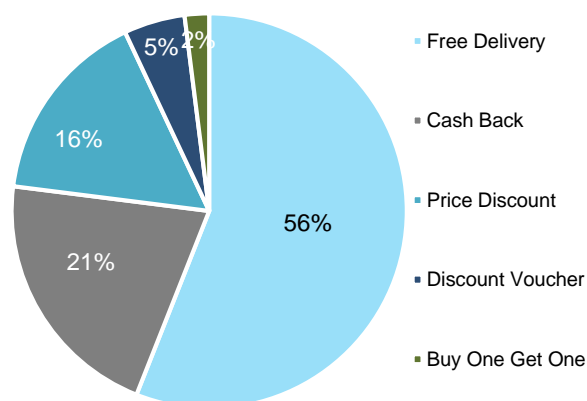


Figure 12: Favourite perks for marketplace customers



Source: Momentum Works, JNE

Source: Marketeers

Closer collaboration with logistics players may enable BUKA to improve its last-mile delivery services. The majority of its customers prefer to have free or subsidised delivery costs – something which has made Shopee a popular choice. Shopee offered subsidised or free delivery charges when it began operating in Indonesia, and this enabled it to grow its customer base rapidly. If BUKA can work more closely with its logistics partners, it may be able to offer more delivery-related promotions to new and current marketplace customers.

- iii. **Growing Grabmart or facilitating e-grocery transactions amidst the pandemic may improve visitor frequency rates – which would boost TPV and overall traffic to Mitra Bukalapak.** With the Grab tie-up, BUKA's Mitras can be listed as a GrabMart seller as well – which will enable these Mitras to gain exposure to Grab users, thereby potentially improving their revenue stream. In turn, Grab will gain access to BUKA's network of 7-8m consumers, which should enable it to offer services to its own drivers like top-ups, registration etc. This collaboration could also see new Grab customers buying from Mitras through BUKA's platform.
- iv. **Having a big population of Grab users accessing BUKA services may attract more warungs to join the ecosystem.** Mitras would not only be able to better access supply, but also receive more online orders. Mitra Bukalapak may work together with GrabKios (which is Grab's own e-warung platform) – which may increase customer traffic all around.
- v. **Great growth potential in fintech.** As Mitras sometimes need financing for their working capital, BUKA has its own or related-party digital wallet which could generate a captive market for its ecosystem. Currently, Grab has a significant share in OVO (which offers shared stored value wallet services), while Emtek owns DANA. However, both have not acquired any banking license. In addition, 8m Mitra Bukalapak customers – largely in non-Tier-1 cities – are unbankable. BUKA may be able to build a new growth engine by developing fintech services of its own. Currently, it is partnering with Paylater, to boost online spending. We believe that if BUKA is able to offer attractive working capital financing schemes, this may give it a solid competitive advantage in attracting Mitras to its network.

E-money transaction values have increased by almost five times from 2018 to 2020. The number of e-money issuers soared over the last few years with the Top 5 players accounting for c.80% of the total transaction value. With OVO and DANA services offered within its ecosystem, BUKA may be able to capitalise on this. Note that OVO has become among the most used e-wallets in Indonesia.

6 September 2021

Technology | Technology

Figure 13: E-money transaction value (USDbn)

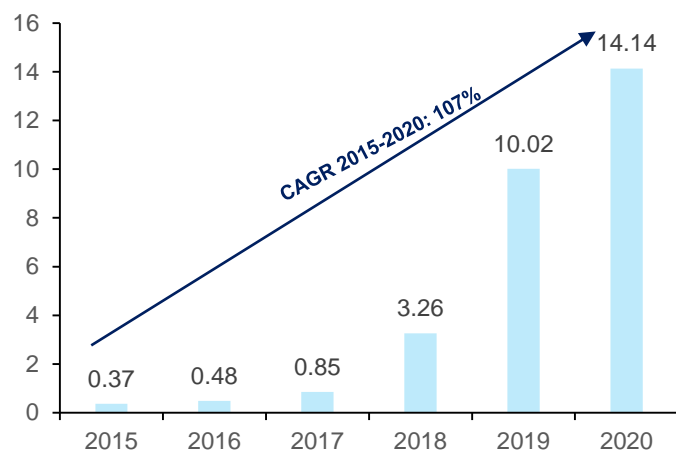
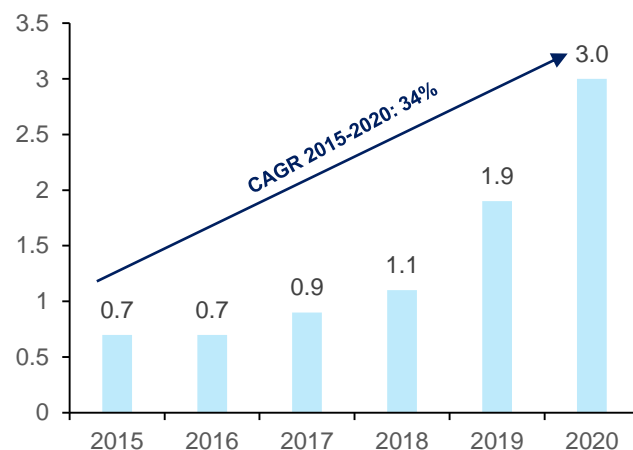


Figure 14: Average value per transaction (USD)



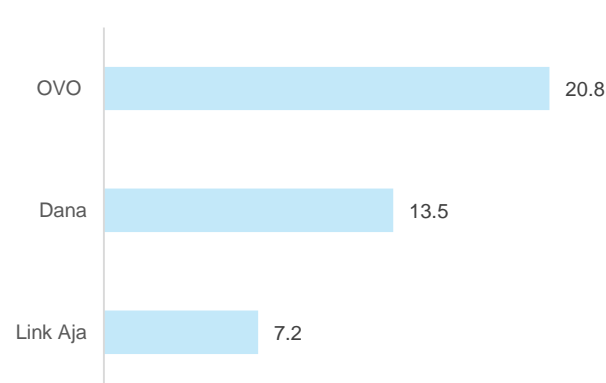
Source: Momentum Works, Bank Indonesia (BI), Financial Services Authority (OJK)

Source: Momentum Works, BI, OJK

Figure 15: Share of transaction value by company



Figure 16: Monthly active users (m) for OVO, DANA, Link Aja

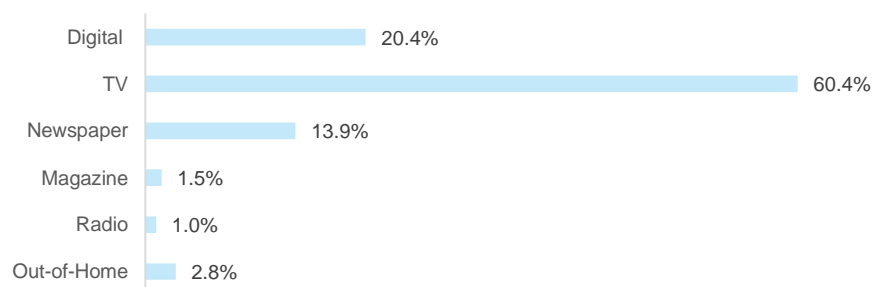


Source: Momentum Works

Source: Momentum Works, AppAnnie

- vi. **Emtek's edge in the media industry – due to its broadcasting arm – may help BUKA ramp up its own promotional activities.** At present, BUKA advertises its platform the least through TV or other media. Even though advertising through digital media has been gaining pace, TV is still the most popular advertising medium in Indonesia. Moreover, the company is in the process of monetising Emtek's database, aiming to provide a targeted advertising platform that can be offered to its partners, in order to increase its and its partners' value. Synchronised level has reached 40%, with its optimal level still about 12-18 months away. BUKA sees this as a game changing strategy because it can offer efficient and effective promotions. Aside from that, by leveraging on Emtek's database, this may also help BUKA to conduct more targeted promotional activities, thereby improving its selling and marketing cost.

Figure 17: Total ad spending by media type in Indonesia in 2019



Source: eMarketer

- vii. **The Emtek-Salim collaboration should enable BUKA to gain further access to FMCG companies.** Indofood CBP's (ICBP IJ, BUY, TP: IDR11,000) products are

6 September 2021

[Technology](#) | Technology

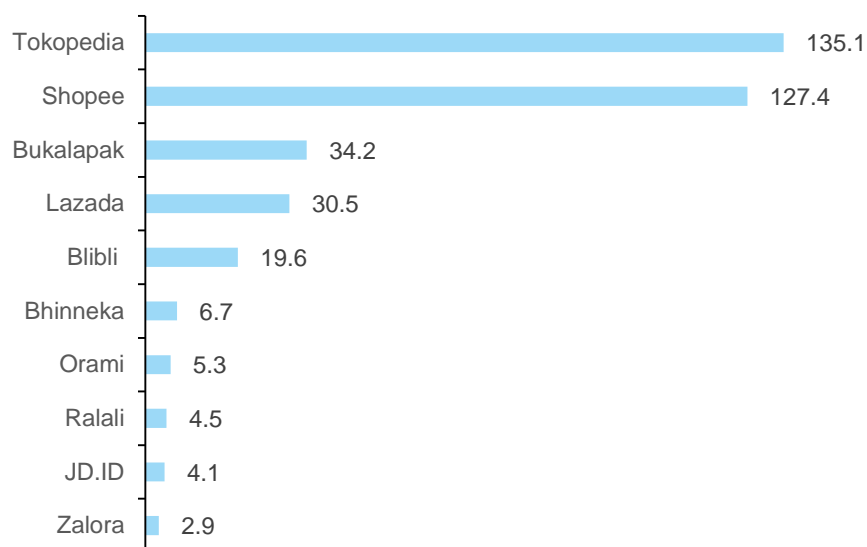
among the most popular food items in Indonesia. BUKA may be able to get better access to Indofood CBP products, on top of better wholesale prices and delivery times.

- viii. **BUKA could also tap into Salim's data centres.** Having a strong data centre is a must in these times. If BUKA had better access to Salim's data centre and is able to leverage on the latter's capabilities in this field, this may enable it to strengthen its business and improve margins. Internet, hosting, data storage and maintenance costs account for a major portion of its total costs (2020 cost-to-revenue ratio was at about 40%)

## Keeping The Lights On In The Marketplace

**Greater effort needed to gain ground.** BUKA still needs to make more effort to better compete with the two e-commerce giants in Indonesia, Tokopedia and Shopee. According to iPrice, BUKA's monthly visitor hits stood at 34.17m in 1Q21 – far behind that of Shopee and Tokopedia as they logged over 100m visitor hits a month. Despite the burgeoning e-commerce market, competition is heating up and some key older players – such as Matahari Mall and Elevenia – have ceded some market share.

**Figure 18: Indonesia's Top 10 e-commerce sites by monthly web visits (in m) as of 1Q21**



Source: iPrice

**Figure 19: Indonesia's Top 10 e-commerce sites by monthly visits (in m) as of 1Q21**

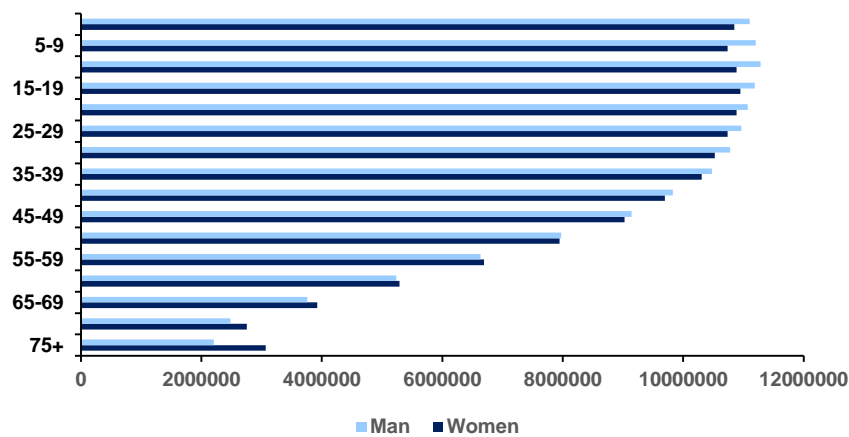


GMV (USD bn)	14.2	4.5	14	3
Market Share (%)	37%	11%	35%	7%
2020 web visits (mn)	391	104	356	143
2020 downloads (mn)	37.9	25.7	16.3	7.0
Employees (K)	9.1	4.5	4.5	2.5

Source: Momentum Works, RHB

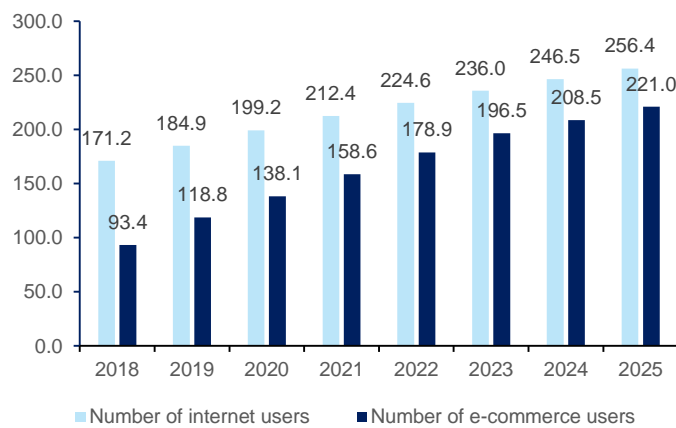
**BUKA still has much potential to monetise its business, as e-commerce is still expected to expand over the next few years.** Indonesia having a huge population of c.270m – making it the fourth most populous country in the world – means that there are multiple growth opportunities for e-commerce players. Also, the country's large portion of young people may indicate that the pace digitalization is set to ramp up further, as they are more receptive to new technology. This should enhance digital penetration, which is expected to ramp up as the number of internet and e-commerce users grow. Higher smartphone penetration should also support digitalisation, as a majority of Indonesians access the internet through their mobile phones.

Figure 20: Indonesia's population according to age range (2020)



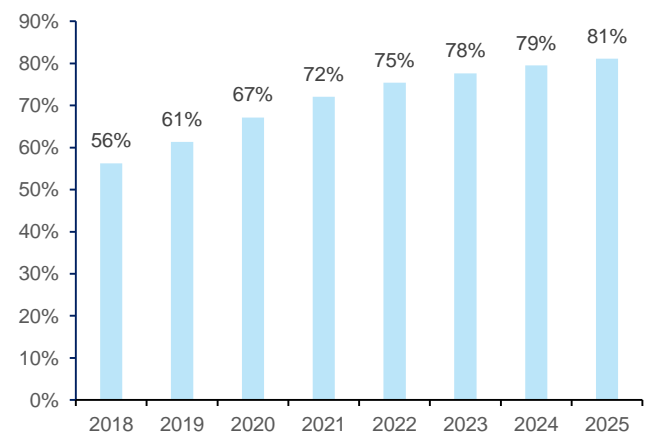
Source: Statistics Indonesia, Databoks, RHB

Figure 21: Internet and e-commerce users (m) in Indonesia



Source: Statista

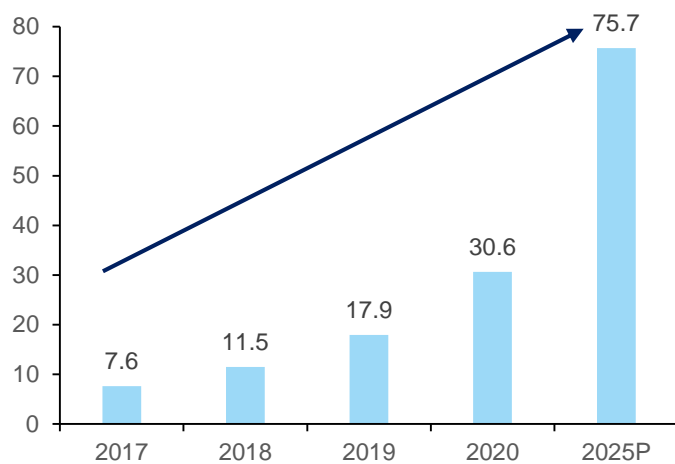
Figure 22: Smartphone penetration in Indonesia



Source: Statista

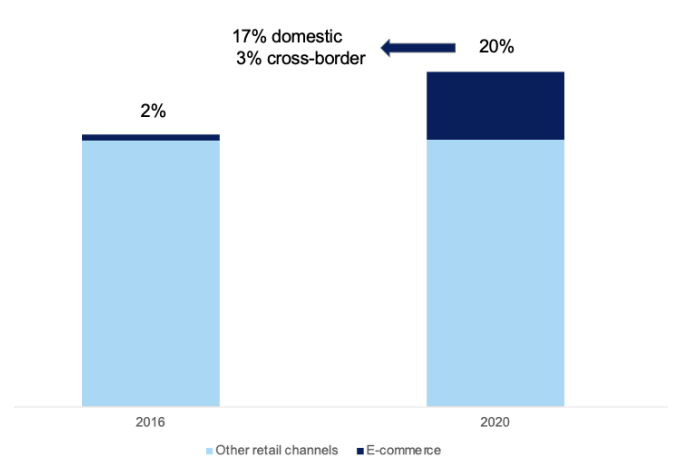
**Internet economy is set to boom.** Thanks to the COVID-19 pandemic, e-commerce saw a great pick-up in new consumers. In 2020, 37% of total digital users were new e-commerce customers, with 56% of them from rural areas. In the Google e-Conomy SEA 2020 report, 93% of digital consumers intend to continue using at least one digital service when the pandemic is over. The e-commerce industry's outlook should remain bright – its GMV is expected to increase tenfold from 2017 to 2025. Also, e-commerce accounted for 20% of Indonesia's total retail market in 2020, from just 2% in 2016 – and this figure is forecasted to rise even further 35% in 2025.

Figure 23: GMV of e-commerce in Indonesia (USDm)



Source: Company data, Frost and Sullivan

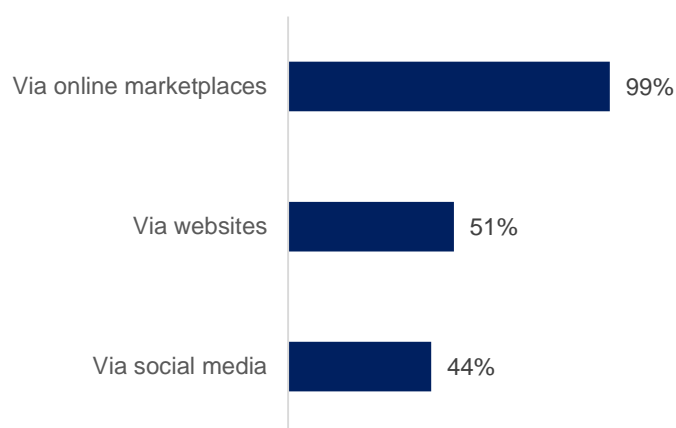
Figure 24: Indonesia's retail market (2016 vs 2020)



Source: Momentum Works

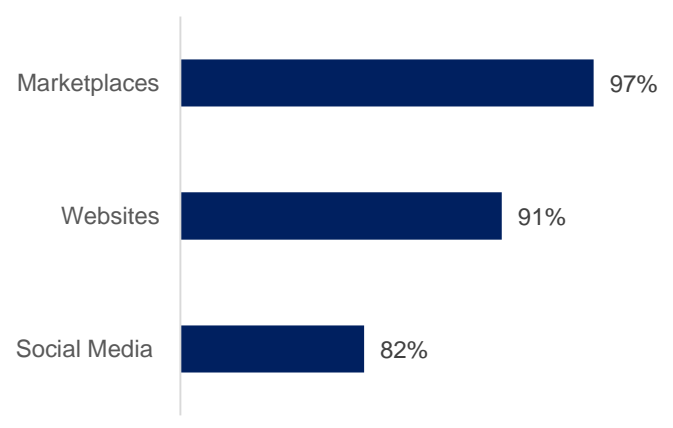
**Online marketplaces becoming more important in supporting e-commerce growth.** We expect these to remain a favourite channel for consumers to buy goods and services, especially when consumers trust sellers and their product quality even more in the future.

Figure 25: Choice of shopping channels



Source: SIRCLO





Figure 26: Level of trust towards sellers and product quality



Source: SIRCLO

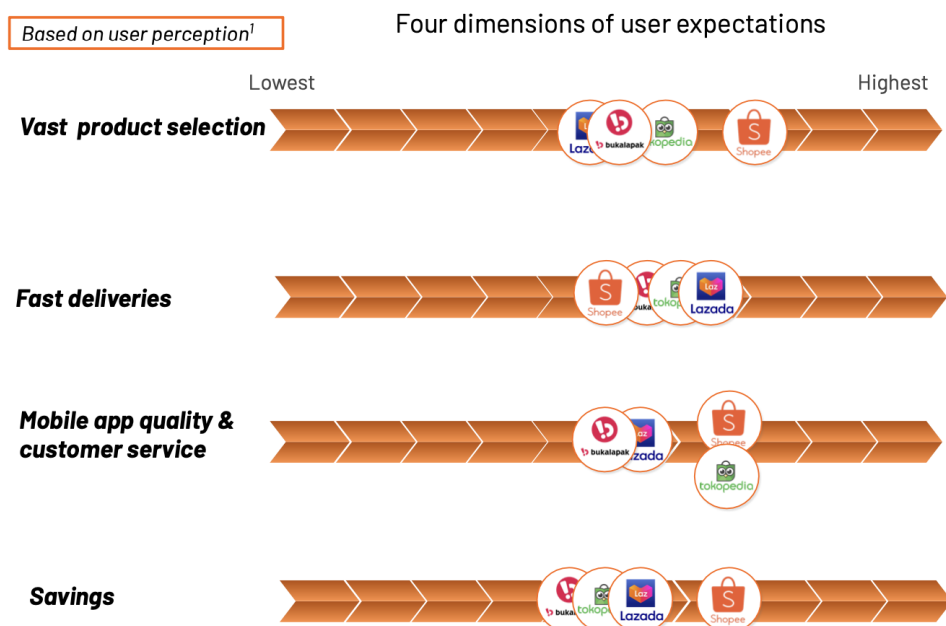
**How BUKA's online marketplace compares with the rest.** We conducted a few surveys to better discern how Mitra Bukalapak performed against other applications. Most marketplaces offer a similar set of features for buyers and sellers. However, each marketplace has its own target market, main product strategy and competitive edge. In terms of product range, delivery times, quality of the mobile app and services, BUKA did pale in comparison to some competitors – so there is certainly room for improvement.

Figure 27: A comparison of online marketplaces I

				
<b>Strategic focus</b>	<b>Mass market targeting fast-moving products</b>	<b>More premium positioning</b>	<b>Increase user base local sellers &amp; digital products</b>	<b>Empower local offline micro retailers to online economy</b>
<b>Supply</b>	Mix of cross-border & local <sup>1</sup>	Mix of cross-border & local	Predominantly local	Predominantly local
<b>Categories of strength</b>	Fashion, health and beauty Home & living, baby products	Branded Apparel, accessories	Electronics Digital services (e.g.: Tax payment, phone credit)	Mobile & electronics Digital services (e.g.: Phone credit top up)
<b>Basket size</b>	Low	Medium to high	Medium	Low to medium
<b>Strengths</b>	<p><b>Closed-loop ecosystem</b> across ecommerce, payment, food delivery and many others</p> <p><b>Massive customer traffic</b> from mass market and high frequency segment positioning<sup>2</sup></p> <p>Relentless focus on expanding <b>seller network</b> and <b>product selection</b></p> <p>Strong, focused <b>execution capabilities</b></p>	<p>Large <b>logistic infrastructure</b> (75% parcels go through own facilities or first-mile fleet)</p> <p>Good name for <b>brands</b> (although increasingly eroded by Shopee)</p> <p><b>Alibaba experience, resources and network</b></p>	<p><b>Homegrown</b> largest digital consumer platform, know and appeal to local market well</p> <p><b>Potential ecosystem synergies</b> with Gojek (ecommerce, on-demand, financial services)</p> <p><b>Appeal to local sellers</b> through attractive seller deals e.g.: smaller admin fees for sellers compared to other platforms</p>	<p><b>Unique seller and customer segment</b> with little overlap with other key players (Only 15-20% customers overlap with Tokopedia / Shopee)</p> <ul style="list-style-type: none"> <li>- Focus on <b>warungs</b> (constitutes 65-70% traditional retail);</li> <li>- Outside Tier 1 cities (where 85% population is in)</li> </ul> <p>Thus <b>low customer acquisition cost</b>: &lt;\$2 / new customer</p>

Source: Momentum Works

Figure 28: A comparison of online marketplaces II



Source: Momentum Works

**Broadly similar product offerings and interfaces.** From the buyer's point of view, we looked at product offerings, payment and delivery methods, and membership tiers. Almost all marketplaces have similar features. Highlighted categories comprised those that were most popular in searches – face masks, apparel, electronic goods, sporting goods, men's essentials, etc. Marketplaces also sold virtual products such as game vouchers, telephone or electricity credit, e-money, donations, travel and entertainment, and many more.

To attract traffic – particularly for branded products – marketplaces also have official branded stores that sell authentic goods. Shopee, BUKA and Lazada categorise these as ShopeeMall, BukaMall, and LazMall. Tokopedia and BUKA, with a focus on local products, do not facilitate cross-border transactions (Figure 30).

Figure 29: Online marketplaces' cross-border facilities

	Cross-border activities
Shopee	✓
Tokopedia	x
Bukalapak	x
Lazada	✓
Blibli	✓
JD.ID	✓

Source: RHB, Company data, Various sources

Selected sellers that consistently provide exceptional service are given the rank of "Premium Store" where they can gain exclusive benefits. These stores are available across all platforms except for Blibli, under different names ie "Star Seller" for Shopee, "Power Merchant" for Tokopedia, "Super Seller" for BUKA, "Top Seller" for Lazada, and "Qualified Seller" or JD.ID.

Meanwhile, most marketplaces also provide tiers for its customers along with benefits. We note that BUKA and Lazada do not offer this. We also note that Shopee aims to become a super app, and develop a closed loop to deliver products and services ranging from e-commerce, payment, food delivery and others, to increase customer stickiness

These online marketplaces have a wide selection of payment facilities, ranging from cash on delivery (COD) to PayLater. There are credit or debit payments, bank transfers, virtual account transfers, COD, instalment plans, internet banking, and digital banking. Exclusive payment methods based on each platform are also available for all except for JD.ID, eg ShopeePay and SPayLater for Shopee, Tokopedia Balance for Tokopedia, BukaDompot for BUKA, Lazada Credit for Lazada, and Blipay for Blibli. JD.ID has JDBalance – although this is not a part of its standard payment methods. Tokopedia leads the pack, offering 18 types of payment channels.

Figure 30: Comparison of payment facilities of online marketplaces

	Credit card	Bank transfer	e-wallet	COD	Own-platform	Number of channels
Shopee	✓	✓	✓	✓	ShopeePay	11
Tokopedia	✓	✓	✓	✓	Saldo Tokopedia	18
Bukalapak	✓	✓	✓	✓	BukaDompot	15
Lazada	✓	✓	✓	✓	Lazada Credit	13
Blibli	✓	✓	✓	✓	BliPay	12
JD.ID	✓	✓	✓	✓	x	14

Source: RHB, Company data, Various sources

We also compared delivery methods between the drop-off and pick-up. There are multiple conventional delivery services for drop-off including JNE, TIKI, Pos Indonesia, Wahana, J&T Express. Pick-up services are available from Go-Send, GrabExpress, Ninja Xpress, AntarAja, SiCepat, Lion Parcel, and many more. Blibli is ahead of its rivals for such services, while Shopee, Tokopedia and BUKA are almost on par with one another. Lazada lags behind its peers, with just nine delivery options.

Figure 31: Comparison of delivery facilities of online marketplaces

	Pick-up	Drop-off	Own-platform	Number of delivery facilities
Shopee	✓	✓	Shopee Express	12
Tokopedia	✓	✓	x	14
Bukalapak	✓	✓	x	14
Lazada	✓	✓	LelExpress	9
Blibli	✓	✓	Blibli Express	20
JD.ID	✓	✓	J-Express	1

Source: RHB, Company data, Various sources

On marketplace features for sellers, most are similar in terms of the onboarding process (albeit with slightly more complicated procedures from Lazada and Blibli), facilities (education, sales campaigns, customer support) and having different tiers (and benefits) for sellers. All the marketplaces help to educate their sellers on store management, marketplace policies and security, store development, promotional features, and many more

6 September 2021

Technology | Technology

– as such, each proactively helps their sellers to move products and grow sales more effectively.

**Figure 32: Additional programmes for online marketplace sellers**

	Seller Programme	Description
Shopee	✓	Non-Star Seller & Star Seller
Tokopedia	✓	Power Merchant & Official Store
Bukalapak	✓	Super Seller
Lazada	✓	Top Seller
Blibli	✓	Official Store
JD.ID	✓	Qualified Seller

Source: RHB, Company data, Various sources

We also highlight another of BUKA's strategy in enticing sellers to join to the platform. The company partners with Standard Chartered by using its license on digital banking and all its inherent features. It then cooperates with other parties, and tries to provide loans for sellers to finance their capital needs. *Buka Modal* on the Bukalapak platform is opened with selected seller with certain criteria. The requirement includes having been registered as a Bukalapak seller for at least six months and minimum sales performance of IDR2m over the last six months. Registration is straightforward, and takes 3x24 hours to be approved. This strategy is also being implemented by other players such as Tokopedia, Shopee and Lazada, while we have not seen in Blibli or JD.ID.

Compared to other players, we believe Buka Modal provides competitive terms. The company is collaborating with six platforms – Akseleran, Investree, Koinworks, Modalku, Taralite, and Bank Mandiri. This is already similar to Shopee and Lazada, which are partnering five to six platforms, while Tokopedia provides two types of capital loan, differentiated by the credit limit. The maximum loan provided is IDR2bn, while the minimum is IDR2m. We also see this largely on par with Shopee and Lazada, though these two platforms provide a lower floor for obtaining loan. The terms also vary – the shortest being three months, while the longest is 24 months – making it broadly competitive to others platforms

## Case Study

### Learning O2O initiatives from Shopify

Shopify, a US subscription-based software company, allows its customers to set up an online store and sell their products. It also helps business owners organise their products, customise their storefronts, accept credit card payments, and track and respond to orders. Most small to medium-sized businesses (SMB) subscribe to Shopify POS, a point-of-sale system that enables them to check inventory levels from a single account, from any device.

The main difference between Shopify and Mitra Bukalapak is that the latter also focuses on helping Mitras sell their products. Shopify only provides the store space online. Note that Shopify has always been in the red until 2020, when brick-and-mortar companies began to realise that they need to depend on online sales to survive.

**Shopify's tactic: Offer good support and a great customer experience to build loyalty, while keeping maintenance and hosting costs low.** These two factors gave Shopify its edge over rivals, Magento and Demandware. Note that Shopify's rate (or its take of sales) was only at 2.6-2.9% of GMV, depending on the plan its clients subscribe to. It has maintained this rate for the past three years. We believe O2O businesses will need to set a certain take rate for a long period of time compared to traditional e-commerce (which can command higher rates). As such, we expect BUKA's take rate to be stable ahead. Note that eBay has a take rate of almost 9% of GMV, and Etsy a heftier take rate of 15% of GMV.

**Figure 33: Shopify's subscription tiers for sellers**

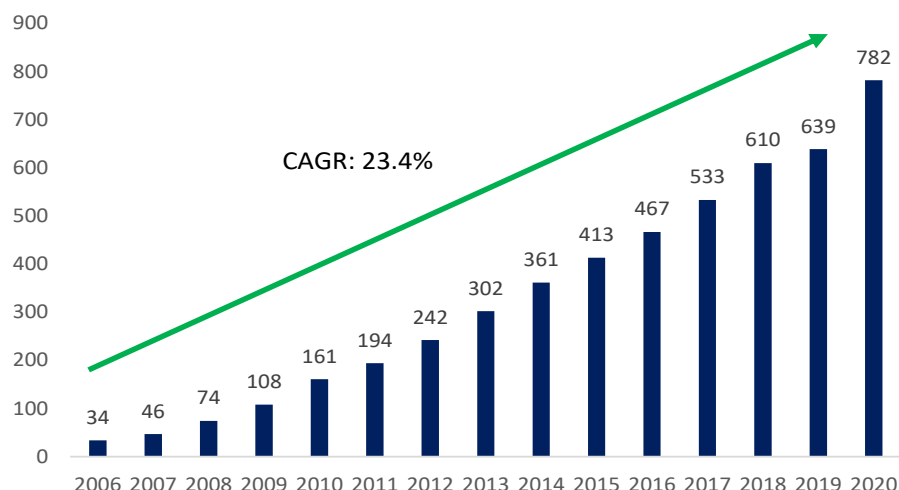
Features	Basic Shopify	Shopify	Advanced Shopify
Monthly price	\$29.00	\$79.00	\$299.00
Online credit card rates	2.9% + \$0.30	2.6% + \$0.30	2.4% + \$0.30
In-person credit card rates	2.7% + \$0	2.5% + \$0	2.4% + \$0
	Shopify Payments = 0.0%	Shopify Payments = 0.0%	Shopify Payments = 0.0%
Transaction fees	Other processors = 2.0%	Other processors = 1.0%	Other processors = 0.5%
No of products	Unlimited	Unlimited	Unlimited
24/7 support	Yes	Yes	Yes
Discount codes	Yes	Yes	Yes
Blogging	Yes	Yes	Yes
Free SSL	Yes	Yes	Yes
Gift cards	No	Yes	Yes
Detailed reporting	No	Yes	Yes
Abandoned cart recovery	No	Yes	Yes
Advanced reporting	No	No	Yes
Real-Time shipping	No	No	Yes

Source: Company data, RHB

### Replicating the success of China's social commerce businesses in China

As consumer purchasing power and digitalisation has ramped up in China, the country's e-commerce market has grown exponentially, even as it continues to embrace new technologies and innovations. Recent data showed that it had a GDP per capita of USD11,950. This is expected to reach USD17,006 by 2026. Currently, there are 987m e-commerce users in China, with an average user spending USD1,276 annually. These metrics are estimated to reach 1.2bn users, with an average spend of USD1,336 pa by 2025. Apparel is currently the most popular product category (translating to full-year sales of USD330bn), followed by toys, hobby & DIY items (USD321bn in sales).

Figure 34: Number of online shoppers in China



Source: Statista, RHB

E-commerce sales in China are expected to outperform estimates, reaching a staggering USD1.8trn in 2020. Back in 2017, e-commerce sales outpaced estimates by USD44.41bn, driven largely by sales from market leader Alibaba's Taobao and Tmall. These sites have a 58.2% share of the e-commerce market this year, but Alibaba's share is shrinking as the market is diversifying – evidenced by the emergence of new retailers and newcomer Pinduoduo's recent success. Over 2015-2018, Alibaba's share of e-commerce sales in China fell from 77.6% to 53.5%. Alibaba's e-commerce sales are now growing slower than the industry average of 34.3% (forecasted to be at just 22.8% of the China's e-commerce market).

JD, also known as Jingdong (formerly 360buy) is Tmall's biggest competitor. JD.com is a business-to-consumer online retail and marketplace platform at the same time. While there are third-party vendors that deliver their products to consumers, JD.com also sells items directly to consumers. In 2014, JD formed a strategic partnership with Tencent, the leading technology company in China. Right now, JD.com trails Alibaba, with a 15-20% share of the country's e-commerce market. Other major Chinese online retailers are Suning.com for electronics, Kaola for high-quality "Western" products, and Xiao Hong Shu (Little Red Book) for lifestyle items for the younger generation.

**Social commerce business has blossomed lately.** In Oct 2019, Pinduoduo's market value exceeded JD.com's, and it became the fourth largest Internet company in China after Alibaba, Tencent, and Meituan. By 2018, Pinduoduo's monthly active users exceeded 200m. It is now the fastest-growing e-commerce platform in China. Pinduoduo provides its users with a wide range of products, from daily necessities to household appliances. It allows users to participate in group-purchase deals, mainly gaining traffic from social media platforms such as WeChat and QQ. This operation model can be categorised as social commerce, which is the key factor of its success.

Social e-commerce combines social media and e-commerce to move products and services. The key difference between social e-commerce and traditional e-commerce is that the former can build trust and loyalty with their consumers through the use of social media. To grow its e-commerce market share, BUKA may have to tap into social commerce, as GoTo and Shopee have not deeply ventured into this field. Pinduoduo grew faster than its peers last year, because it collaborated with WeChat and QQ. Tmall previously had almost 70% of market share – but this continued to decline due to Pinduoduo's aggressive growth in China. As a great part of BUKA's network is in non-Tier-1 cities, social commerce may provide it another growth engine.

## Financial Outlook

**We expect BUKA to book c.66% CAGR 2021-2022 revenue growth**, mainly due to Mitra Bukalapak. This segment has much growth potential, in view of BUKA's competitive advantages – so we expect it to record a 105.8% CAGR over 2021-2023. We expect more Mitras to join its O2O platform, premised on BUKA's end-to-end business ecosystem as well as Indonesia's strong push towards digitising transactions. With more products to be sold and its e-commerce infrastructure continually improving, BUKA is set to increase its average transaction value ahead. In 2Q21, revenue surged by 37% YoY, bringing 1H21 revenue to IDR864bn (+35% YoY), mainly driven by the Mitra business which jumped by 350% YoY. This raised Mitra's contribution to revenue to 34% in 1H21 vs 10% a year ago. For 2Q21 only, Mitra's revenue made up 33% of total revenue vs 12% in 2Q20.

**Growth to be supported by its current low take rate.** We expect BUKA's O2O platform to continue growing. Also, as Indonesia is still at the early stages of digitisation, BUKA has much room to increase its take rate. The take rate is an overall scorecard for all marketplaces, as their ability to maintain market share and boost take rates are indicators of how much sellers and consumers depend on their platforms. Virtual and financial products will remain the focus but BUKA will keep FMCG products (despite the low take rate) as they are still needed by the Mitras, which in turn helps to form a defence or barrier to entry for other players in the marketplace. Commodity products will still remain but the company is venturing into other products with a higher take rate such as fresh food (10%), logistics agent (30%), non-tier FMCG producer (10-15%), which would be shared equally with Mitras.

Figure 35: BUKA's revenue profile (IDRbn)

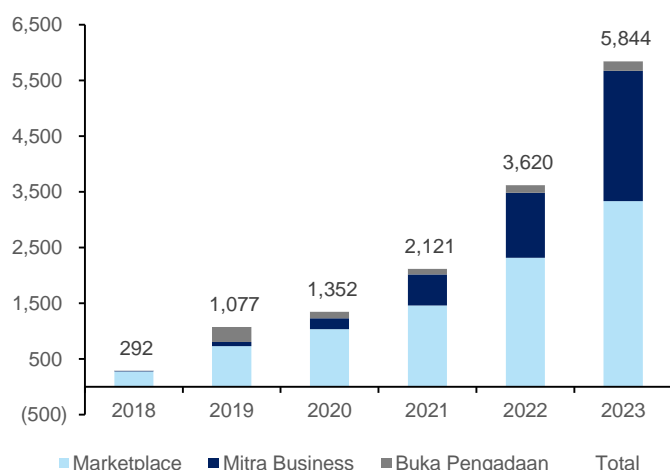
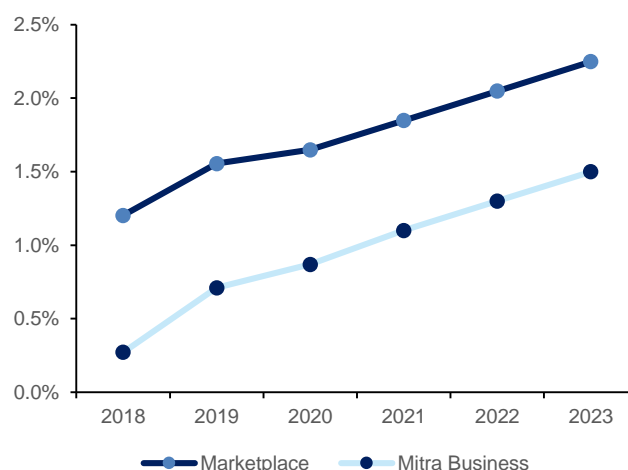


Figure 36: BUKA's take rate trend (%)



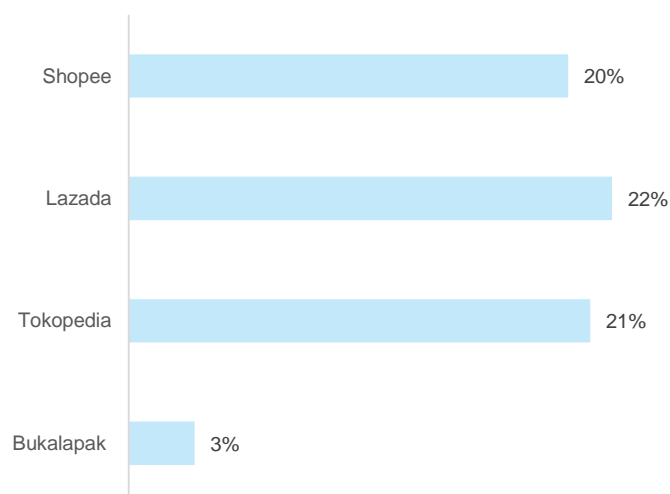
Source: Company data, RHB

Source: Company data, RHB

**Growing business scale to enhance profitability, but it may be awhile before BUKA books positive earnings.** BUKA's revenue and gross profit are somewhat similar, because it derives revenue from commission of transactions. COGS – a rather minor amount – came from its Buka Pengadaan business. On opex, much of this comes from costs related to wages, internet charges, data hosting, and data storage. In 2020, the ratios of salary costs-to-revenue and costs associated with internet, data hosting and data storage against revenue were at 49% and 41%. This is understandable, since these are key operational components required for the business to run while BUKA works on improving its competitive edge. These two metrics are expected to continue increasing – although their ratios to revenue should decrease when BUKA expands its operations and efficiency improves.

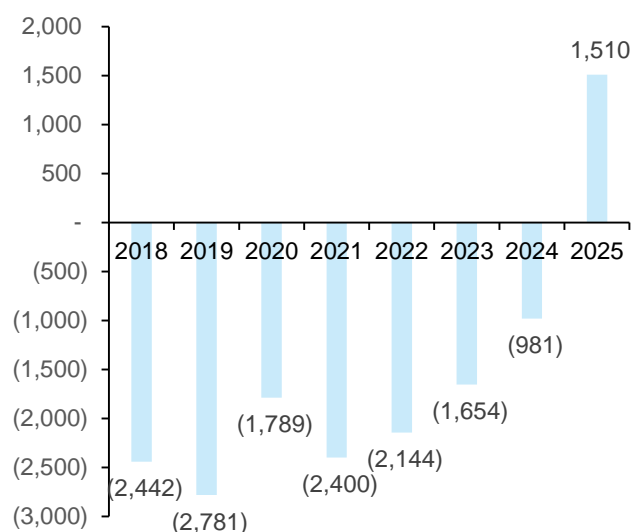
Marketing costs are also expected to grow when the O2O platform expands, and as most of its target market is in non-Tier-1 cities. However, growing the scale of business may lower marketing costs in the future. This has evidenced as opex (S&M and G&A costs) was down by 9% YoY in 1H21, translating to 2.8% ratio to revenue in 1H21 (vs. 4.8% in 1H20).

Figure 37: Percentage of searches by paid keyword



Source: Company data, RHB

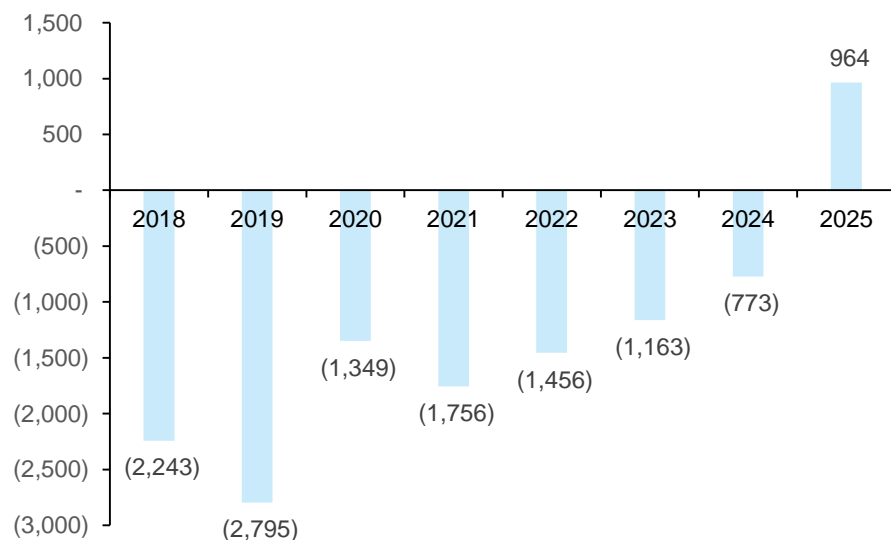
Figure 38: BUKA's EBIT trend (IDRbn)



Source: Company data, RHB

The company is expected to book substantial income from interest payments but this may not help it be in the black in the short term. We expect BUKA to start recording profits in 2025. Note that Amazon broke even after nine years of operation, while SEA Group (Shopee's parent company) still reported a net loss in 2Q21. Despite clocking higher sales and transactions during the pandemic, Shopee recorded a USD1.4bn loss in 2020.

Figure 39: BUKA's earnings trend



Source: Company data, RHB

**Healthy balance sheet.** We expect BUKA's balance sheet to remain robust. BUKA is in a net cash position, with zero debt. Also, its cash flow should remain intact, post IPO. That said, we do not anticipate dividends to be paid ahead, since it is still in the red. Based on its prospectus, the company plans to distribute dividends in cash at least once a year – although this would be subject to its profitability, expansion initiatives, capex and other material matters.

## Valuation

**Initiate coverage with BUY and SOP-based TP of IDR1,300.** Our SOP values the following segments: O2O (or the Mitra segment, its online marketplace, and Buka Pengadaan).

The O2O business should be its main competitive advantage. We are using 2023 as a base year, as we believe that the benefits of its efforts should begin emerging in earnest in 2023. For the marketplace business, we apply 0.11x EV/sales growth to value this division. This multiple is at a 40% discount from the average of global e-commerce players. For the Mitra business, we applied a higher 0.37x EV/sales growth, in view of its higher potential for monetisation. This is also at a 35% discount to Shopify's metric (our proxy for a global O2O player). Lastly, we valued Buka Pengadaan at 0.24x EV/sales growth (60% discount to Shopify), as we expect its contributions to total numbers to continue being insignificant.

### Downside risks to our call:

- i. Slower-than-expected digitisation in Indonesia;
- ii. A weaker-than-expected economic recovery post COVID-19;
- iii. Slower-than-estimated business expansion (especially in boosting its Mitra business);
- iv. Intensifying competition.

**Figure 40: SOP valuation**

<b>Marketplace</b>		
Sales 2023 (in IDRbn)	3,332	
Sales CAGR 2021-2023	51.0	
EV/Sales growth (x)	0.1	40% discount to global e-commerce players weighted average
EV/Sales - 2023F (x)	5.5	
TOTAL EV	18,343	
<b>Mitra</b>		
Sales 2023 (in IDRbn)	2,339	
Sales CAGR 2021-2023	105.8	
EV/Sales growth (x)	0.4	35% discount to Shopify
EV/Sales - 2023F (x)	41.2	
TOTAL EV	96,454	
<b>BPI</b>		
Sales 2023 (in IDRbn)	173	
Sales CAGR 2021-2023	27.5	
EV/Sales growth (x)	0.2	60% discount to Shopify
EV/Sales - 2023F (x)	6.6	
TOTAL EV	1,140	
<b>TOTAL EV</b>	<b>115,937</b>	
<b>Net debt (Cash)</b>	<b>(19,684)</b>	
<b>Equity value</b>	<b>135,621</b>	
<b>Number of shares</b>	<b>103.1</b>	
<b>Equity value</b>	<b>1,316</b>	

Source: Company data, RHB

6 September 2021

Technology | Technology

Figure 41: Peer comparison

E-Commerce	BBG Ticker	Name	Market Cap (USDm)	EV/Sales (x)		EV/Sales Growth (x)		EV/Gross Profit	
				2022F	2023F	2022F	2023F	2022F	2023F
BABA US	BABA US Equity	Alibaba Group Holding Ltd	462,906	2.8	2.3	0.1	0.1	7.1	5.8
JD US	JD US Equity	JD.com Inc	124,493	0.6	0.5	0.0	0.0	4.0	3.3
AMZN US	AMZN US Equity	Amazon.com Inc	1,761,425	3.2	2.7	0.2	0.2	7.5	6.3
EBAY US	EBAY US Equity	eBay Inc	49,749	4.7	4.5	0.8	1.0	6.2	6.0
SE US	SE US Equity	Sea Ltd	190,076	13.4	10.2	0.3	0.3	32.8	23.5
BEST US	BEST US Equity	BEST Inc	534	0.3	N/A	0.1	N/A	34.9	N/A
ETSY US	ETSY US Equity	Etsy Inc	27,895	10.1	8.3	0.5	0.4	13.7	11.2
SHOP US	SHOP US Equity	Shopify Inc	193,947	30.4	22.7	0.9	0.7	56.7	42.3
<b>Weighted Average</b>			<b>2,811,024</b>	<b>5.7</b>	<b>4.5</b>	<b>0.2</b>	<b>0.2</b>	<b>12.4</b>	<b>9.8</b>
<b>Food Delivery and Ride Hailing</b>									
LYFT US	LYFT US Equity	Lyft Inc	16,164	3.3	2.7	0.1	0.1	5.7	4.4
UBER US	UBER US Equity	Uber Technologies Inc	75,977	3.5	2.8	0.1	0.1	6.3	4.9
DASH US	DASH US Equity	DoorDash Inc	65,377	11.1	8.8	0.6	0.3	20.5	15.8
MPNGF US	MPNGF US Equity	Meituan	193,074	4.7	3.6	0.1	0.1	16.5	11.7
ROO LN	ROO LN Equity	Deliveroo PLC	6,234	2.0	1.7	0.1	0.1	7.5	6.5
<b>Weighted Average</b>			<b>356,825</b>	<b>5.5</b>	<b>4.3</b>	<b>0.2</b>	<b>0.2</b>	<b>14.4</b>	<b>10.6</b>
<b>Online Booking or Travel</b>									
BKNG US	BKNG US Equity	Booking Holdings Inc	94,620	6.0	5.1	0.1	0.3	6.0	5.1
EXPE US	EXPE US Equity	Expedia Group Inc	21,513	2.3	2.0	0.1	0.1	2.8	2.4
SABR US	SABR US Equity	Sabre Corp	3,504	2.7	2.1	0.0	0.1	4.4	3.5
TRIP US	TRIP US Equity	TripAdvisor Inc	4,664	3.5	3.0	0.1	0.2	3.7	3.2
<b>Weighted Average</b>			<b>124,301</b>	<b>5.2</b>	<b>4.4</b>	<b>0.1</b>	<b>0.2</b>	<b>5.3</b>	<b>4.5</b>
<b>Logistics</b>									
INPST NA	INPST NA Equity	InPost SA	7,877	5.9	4.8	0.1	0.2	10.9	8.8
ZTO US	ZTO US Equity	ZTO Express Cayman Inc	25,509	4.0	3.3	0.2	0.2	18.8	14.8
IDL FP	IDL FP Equity	ID Logistics Group	1,895	1.2	1.1	0.1	0.1	2.5	2.3
<b>Weighted Average</b>			<b>35,281</b>	<b>4.3</b>	<b>3.5</b>	<b>0.2</b>	<b>0.2</b>	<b>16.1</b>	<b>12.8</b>
<b>Entertainment</b>									
NFLX US	NFLX US Equity	Netflix Inc	261,366	8.0	7.0	0.6	0.5	18.7	15.8
SPOT US	SPOT US Equity	Spotify Technology SA	47,515	3.4	2.9	0.2	0.2	12.7	10.6
TME US	TME US Equity	Tencent Music Entertainment G	15,115	2.6	2.3	0.2	0.2	8.9	7.9
BILI US	BILI US Equity	Bilibili Inc	33,036	7.1	5.3	0.2	0.2	27.1	17.5
IQ US	IQ US Equity	iQIYI Inc	7,869	1.7	1.5	0.1	0.1	11.8	7.8
<b>Weighted Average</b>			<b>364,901</b>	<b>7.0</b>	<b>6.0</b>	<b>0.4</b>	<b>0.4</b>	<b>18.1</b>	<b>14.8</b>
<b>Gaming</b>									
TCEHY US	TCEHY US Equity	Tencent Holdings Ltd	605,836	5.9	4.9	0.3	0.3	13.1	11.0
ATVI US	ATVI US Equity	Activision Blizzard Inc	63,134	5.8	5.5	0.5	0.9	7.6	7.1
EA US	EA US Equity	Electronic Arts Inc	41,720	5.4	5.0	0.2	0.7	7.1	6.6
TTWO US	TTWO US Equity	Take-Two Interactive Software	18,708	4.8	4.0	8.9	0.2	8.3	6.8
NTES US	NTES US Equity	NetEase Inc	62,394	3.4	3.0	0.2	0.2	6.5	5.7
<b>Weighted Average</b>			<b>791,793</b>	<b>5.6</b>	<b>4.8</b>	<b>0.5</b>	<b>0.3</b>	<b>11.7</b>	<b>9.9</b>

Note: Data is at 3 Sep 2021

Source: Bloomberg, RHB

## Company Profile

Bukalapak was established in 2010 by Achmad Zaky, Fajrin Rasyid, and Nugroho Herucahyono. It has grown into one of the key commerce players in Indonesia, and is ranked third in terms of monthly visits in 1Q21. The company has boosted its competitive advantage by venturing to B2B e-commerce, monetising the lucrative O2O industry. This initiative aims to empower millions of under-served *warungs* by helping to modernise their operations, and helping them to bridge the gap between them and an increasingly tech-savvy customer base. Mitra Bukalapak was launched in 2016.

**Figure 42: Company milestones**

	Description
2009	Founded by Achmad Zaky, Fajrin Rasyid, Nugroho Herucahyono
2011	Secured Batavia Incubator as first investor, led by Takeshi Ebihara
2012	Invited more investors into the scene
2013	Launched new feature of MyLapak
2014	<ul style="list-style-type: none"> <li>Attracted more investors</li> <li>Launched new mobile apps and updated website significantly</li> </ul>
2015	Provided more options for payment methods (introduced in-app digital wallet)
2016	<ul style="list-style-type: none"> <li>Launched "BBM Shopping" with Blackberry</li> <li>Launched advertising service with Facebook</li> <li>Collaborated with Go-Jek and launched fast delivery</li> <li>Recorded 17m registered users and &gt;1m SME players</li> </ul>
2017	<ul style="list-style-type: none"> <li>Became Indonesia's fourth unicorn start-up</li> <li>Launched Mitra Bukalapak</li> <li>Teamed up with local banks (i.e: Mandiri Syariah, Bank Rakyat Indonesia)</li> <li>Launched investment features BukaEmas, BukaReksa, BukaPengadaan</li> </ul>
2018	<ul style="list-style-type: none"> <li>DANA as main payment option</li> <li>Built R&amp;D centres in Surabaya and Bandung</li> </ul>
2019	<ul style="list-style-type: none"> <li>Collaborated with Cermati, Lion Parcel, Pluang, etc</li> <li>Announced Series F funding valued at USD2.5bn</li> <li>Introduced BukaSend as integrated delivery service</li> <li>Launched BukaGlobal and entered Mid-East market</li> <li>Launched second office in Surabaya</li> <li>Launched artificial intelligence and cloud computing innovation lab with ITB</li> <li>Closed USD50m funding from Mirae Asset and Naver Corp</li> <li>Poured IDR1trn for MitraBukalapak's programme development</li> </ul>
2020	<ul style="list-style-type: none"> <li>Rachmat Kaimuddin becomes the CEO</li> <li>Launched PayLater feature "Bayar Tempo" for small shops</li> <li>HappyFresh becomes available on the app</li> <li>Introduced new logo</li> </ul>
2021	<ul style="list-style-type: none"> <li>BMoney</li> <li>Launched digital banking services with Standard Chartered</li> <li>Acquired Itemku</li> <li>First unicorn start-up to float shares on the Indonesia Stock Exchange (IDX)</li> </ul>





Source: Company, RHB

Figure 43: Board of Commissioners

Name	Position	Description
<b>Bambang Permadi Soemantri Brodjonegoro</b> 	President Commissioner & Independent Commissioner	Bambang Brodjonegoro previously served as Minister of Research and Technology and the head of the National Research and Innovation Agency in 2019-2021. He previously held positions as the head of Bappenas (2016-2019), Steering Board at the National Committee on Sharia Economics and Finance (2017-2019), Minister of Finance (2014-2016), Commissioner at Pertamina. (2013-2014), Commissioner at Antam. (2012-2013) and others.
<b>Dra Zannuba Arifah CH R (Yenny Wahid)</b> 	Independent Commissioner	Yenny Wahid is also currently serving as an advisor to the National Plan on Countering Violent Extremism. She is also a Director at The Wahid Foundation, an Independent Commissioner at Garuda Indonesia, the chairperson of the Indonesian Rock Climbing Foundation, a member of the Steering Committee at The Paris Peace Forum, founding member of the Global Council for Tolerance of Peace, Head of the foreign affairs division at Muslimat NU, member of the Advisory Board of United States-Indonesia Society.
<b>Adi Wardhana Sariaatmadja</b> 	Commissioner	Adi Wardhana Sariaatmadja currently also serves as the President Director at of Creative Media Karya (since 2012) and Vice Chairman at Elang Andalan Nusantara since 2017. He previously served as Director in 2015-2017 at Plan B Media.
<b>Lau Eng Boon</b> 	Commissioner	Lau Eng Boon currently also serves as Head, Portfolio Management, TMT & Business Services Global Investments, Strategy and Risk Private Equity at GIC since 2010. He previously served as CEO and President of TELUS International (2004-2009), Vice President Six-Sigma of Honeywell Asia (1996-1998), Senior Manager at Accenture Singapore (1992-1996), and Major, Head of Quality Assurance at the Republic of Singapore Air Force (1982-1992).
<b>Lu Zhang</b> 	Commissioner	Lu Zhang is also Investment Director at Ant Group, a position he has held since 2014. He previously served as Senior Manager at Ernst & Young in 2004-2014.

Source: Company, RHB

Figure 44: Board of Directors

Name	Position	Description
<p>Rachmat Kaimuddin</p> 	Chief Executive Officer	Rachmat Kaimuddin is a seasoned leader with cross field and industry backgrounds, including experience in engineering and financial management. His prior experiences include serving as Director for Finance and Planning for Bank Bukopin, Senior Associate at Boston Consulting Group, Managing Director of Cardig Air Services, CFO of Bosowa Corporindo, and more.
<p>Teddy Oetomo</p> 	President	Teddy Oetomo oversees the corporate finance, consumer satisfaction management, investment, and legal matters at BUKA. Starting his career as a lecturer, Oetomo has seven published papers in international peer-reviewed academic journals. He also has over 11 years of experience in equity markets and asset management at firms like Schroders Indonesia and Credit Suisse.
<p>Natalia Firmansyah</p> 	Chief Financial Officer	Natalia Firmansyah oversees the entire financial management and e-procurement line at BUKA. She brings with her a depth of knowledge and best practices in budgeting, financial reporting, internal controls, operational excellence, and business development. She has more than 17 years of experience leading financial teams in several multinational companies.
<p>Willix Halim</p> 	Chief Operating Officer	Willix Halim oversees entire business operations and product management within the company. Before joining BUKA, he was Vice President of Growth of Freelancer.com (2011-2016).

Source: Company, RHB

## Appendix

Figure 45: Working capital loan schemes according to different online marketplaces

	Mitra Bukalapak	Mitra Tokopedia	Mitra Shopee	Grab Kios	Payfazz	Warung Pintar	Gudang Ada
Loan balance (credit limit)	IDR300,000 - IDR500,000		No minimum Maximum: 300jt, 100jt, tens and hundreds of thousands		3 pilihan: 500k, 1jt, 2jt		
Tenor	1 bulan		3mo & 6 mo		14 days depends on the selection		
Fees	Admin fee: 15k-25k = 5% fees Late penalty: 2k/day = 0.4-0.67%		interest fee: 1.2%-1.5% late penalty: 2%/mo		admin fee: 3-5% late penalty: 0.5%/day		
Others	Bukalapak as the provider for Bayar Tempo between users and Indodana  For purchasing product category and credits in apps	Does not provide capital loans (Pembayaran tempo is inactive)	Selected seller will get an invitation via notification/banner to apply for cash loan by filling Shopee application form.  Seller as Penjual Terpilih that has been selling on site/app for min. 6mo; make avg sales transaction of 28jt for the last 6mo; has penalty point <4 for the last 3 mo; never commit/attempted fraud on Shopee app/site	Does not provide capital loans	has verified account (video call/share live location) has physical stores already become an agent through payfazz's sales	Does not provide capital loans	Does not provide capital loans

Source: Company data, RHB

Figure 46: A comparison of product offerings by online marketplace

	Mitra Bukalapak	Mitra Tokopedia	Mitra Shopee	Grab Kios	Payfazz	Warung Pintar	Gudang Ada
Kapal Api Special Bag 165gr	IDR11,300 (buy 1-4) IDR11,100 (buy 5-19) IDR11,050 (buy >19)				IDR9,862 (Kapal Api Special Mix Sachet 25gr)		
Tobacco - Gudang Garam International							IDR18,000
Minyak goreng Bimoli 1 L	Klasik Pouch 2L IDR28,850 (buy 1-5) IDR28,550 (buy >5)				IDR29,744 (Bimoli 2L)	IDR29,744 (Bimoli 2L)	IDR30,000
Garuda Kacang Atom Original 20gr	IDR8,250						IDR8,000 - garuda rosta kacang panggang
Indomie Soto Mie 1 pack (isi 40pcs)	IDR93,200 (buy 1-2) IDR92,700 (buy>2)	IDR93,050			IDR2,481 (Indomie kari ayam)	IDR2,270 (Indomie soto mie)	IDR91,000
Tolak Angin Box 12's	IDR34,700	IDR33,950				IDR32,125	IDR32,000
Royko Bumbu Kaldu Sapi Sachet 9gr	IDR4,500						IDR5,500
Bango Kecap Manis 135ml	IDR8,400 (buy 1-2) IDR8,125 (buy 3-47) IDR8,100 (buy >47)					IDR7,936	IDR340,500 (48pcs) IDR7,093/pc
Jasjus Mangga 8gr	IDR3,000 (buy 1-2) IDR2,800 (buy 3-29) IDR2,780 (buy >29)		X	X			IDR14,000 (5rcg) IDR2,800/pc
Charm Safe Night Wing 29c (1 pack = 10pcs)	IDR20,900	IDR20,500				IDR18,571 (30's extra maxi wing)	IDR470,000 (2x10pcs, 48rcg)
Pepsodent Pasta Gigi Pencegah Gigi Berlubang 190gr	IDR10,100 (buy 1-2) IDR9,950 (buy 3-47) IDR9,900 (buy > 47)	IDR9,420				IDR9,737 (anti cavity)	IDR9,000
Clear Shampoo Comp Soft Care Sachet 9/10ml (1 pack= 12 pcs)	IDR9,350 (buy 1-3) IDR9,300 (buy >3)	IDR9,060					IDR9,000
Lifebouy Lemon Fresh 75gr	IDR8,000	IDR7,800					
Rinso Bubuk Detergent Anti Noda Pouch 430/460gr	IDR9,100 (buy 1-2) IDR8,900 (buy 3-11) IDR8,800 (buy >11)	IDR9,500					
Mama Lime 115 ml	IDR1,650	IDR1,600					IDR36,840/pack
Pearl Swallow Sandal Classic No. 10	IDR9,950 (buy 1-2) IDR9,800 (buy 3-11) IDR9,600 (buy >11)	IDR9,083 (Sun Swallow Sandal)					IDR107,000 (per 1 dozen) IDR8,917 (per pc) Swallow Sandal no.11
Alkaline Baterai LR-03 AAA 2's	IDR14,600					IDR10,975 (power baterai AA)	

Source: Company data, RHB

Figure 47: A comparison of capital loans in the online marketplace

	Shopee (Pinjaman Modal)	Tokopedia (Modal Toko)	Tokopedia (Pinjaman Modal)	Bukalapak (BukaModal)	Lazada (Lazada Peduli)	Bibli	JD.ID
Partners	six (Modalku, KoinWorks, Bank Mandiri, Bank BRI, Bank BNI, Bank BCA)	two (Modalku, Dhanapala)	N/A: 10 partners from Bank and Multifinance	six (Akseleran, Investree, Koinworks, Modalku, Taralite, Bank Mandiri)	five (Bank DKI, Koinworks, Dana Merdeka, BFI Selfi, Alumak)		
Onboarding requirement	KTP, selfie with KTP, KK, 20-65yo, NPWP (for transactions >50mn), WNI, located in Indonesia	KTP, selfie with KTP	KTP, NPWP, SIUP	WNI, 20-65yo, KTP, selfie with KTP, KK, NPWP, account mutation, located in Indonesia,	KTP, NPWP, photo of partner, collateral documents, >18yo, account mutation, proof of address		
Seller requirement	Complete application form, verify data Average sales transaction of 2mn-10mn for the last 6mo	selected sellers of Tokopedia with satisfactory sales performance	N/A	Registered as seller for >3mo Average sales transaction of 2mn/mo for the last 6mo	active for at least 6mo, positive selling rating	X	X
Approval Time	3x24 hours	1x24 hour	3-14 working days	3x24 hours	3x24 hours		
Loan Period	6 - 36mo	3 - 12mo	monthly / yearly	3 - 24mo	1 - 24mo		
Loan Limit (in IDR)	500k-2bn	2mn-300mn	2mn - 2bn	2mn-2bn	1mn - 2bn		
Interest	0.5%-2.6%	1.5% flat/mo	0.39%/mo	0.99%- 2.17%	minimum 0.75%-1.17%/mo		
Admin fee	0.5%-5%	no	yes but N/A	0.1%-3.125%	N/A		
Penalty	0%-6%	no	provision fee but N/A	0.1%/day - 6%/mo	N/A		

Source: Company data, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2021-09-05			

Source: RHB, Bloomberg

## RHB Guide to Investment Ratings

<b>Buy:</b>	Share price may exceed 10% over the next 12 months
<b>Trading Buy:</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
<b>Sell:</b>	Share price may fall by more than 10% over the next 12 months
<b>Not Rated:</b>	Stock is not within regular research coverage

## Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

## RESTRICTIONS ON DISTRIBUTION

### Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

### Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made

pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

## Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

## Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (Singapore branch) which is a holder of a full bank licence and an exempt capital markets services licence and financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (Singapore branch) in respect of any matter arising from or in connection with the report.

## United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

## DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (Singapore branch), and the disclaimers above similarly apply.

## Malaysia

Save as disclosed in the following link [RHB Research conflict disclosures – Aug 2021a](#) and to the best of our knowledge, RHBIB hereby declares that:

1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.

3. None of RHBIB's staff or associated person serve as a director or board member\* of the subject company(ies) covered in this report  
*\*For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

## Thailand

Save as disclosed in the following link [RHB Research conflict disclosures – Aug 2021a](#) and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:

1. RHB Securities (Thailand) PCL does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHB Securities (Thailand) PCL is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHB Securities (Thailand) PCL's staff or associated person serve as a director or board member\* of the subject company(ies) covered in this report  
1. \*For the avoidance of doubt, the confirmation is only limited to the staff of research department
4. RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHB Securities (Thailand) PCL did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

## Indonesia

Save as disclosed in the following link [RHB Research conflict disclosures – Aug 2021a](#) and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:

1. PT RHB Sekuritas Indonesia and its investment analysts, does not have any interest in the securities of the subject company(ies) covered in this report.  
For the avoidance of doubt, interest in securities include the following:
  - a) Holding directly or indirectly, individually or jointly own/hold securities or entitled for dividends, interest or proceeds from the sale or exercise of the subject company's securities covered in this report\*;
  - b) Being bound by an agreement to purchase securities or has the right to transfer the securities or has the right to pre subscribe the securities\*.
  - c) Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering\*.
  - d) Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
2. PT RHB Sekuritas Indonesia is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of PT RHB Sekuritas Indonesia's staff\*\* or associated person serve as a director or board member\* of the subject company(ies) covered in this report.
4. PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. PT RHB Sekuritas Indonesia\*\* did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report:

## Notes:

\*The overall disclosure is limited to information pertaining to PT RHB Sekuritas Indonesia only.

\*\*The disclosure is limited to Research staff of PT RHB Sekuritas Indonesia only.

## Singapore

Save as disclosed in the following link [RHB Research conflict disclosures – Aug 2021a](#) and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (Singapore branch) hereby declares that:

1. RHB Bank Berhad, its subsidiaries and/or associated companies do not make a market in any issuer covered by the Singapore research analysts in this report.
2. RHB Bank Berhad, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered by the Singapore research analysts in this report.
3. RHB Bank Berhad's Singapore research staff or connected persons do not serve on the board or trustee positions of the issuer covered by the Singapore research analysts in this report.
4. RHB Bank Berhad, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered by the Singapore research analysts in this report or any other relationship that may create a potential conflict of interest.
5. RHB Bank Berhad's Singapore research analysts, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered by the Singapore research analysts in this report.
6. RHB Bank Berhad's Singapore research analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation on the issuer covered by the Singapore research analysts.

## Analyst Certification

The analyst(s) who prepared this report, and their associates hereby, certify that:

(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

Analyst	Company
-	-

---

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.



#### **KUALA LUMPUR**

**RHB Investment Bank Bhd**  
Level 3A, Tower One, RHB Centre  
Jalan Tun Razak  
Kuala Lumpur 50400  
Malaysia  
Tel : +603 9280 8888  
Fax : +603 9200 2216

#### **JAKARTA**

**PT RHB Sekuritas Indonesia**  
Revenue Tower, 11th Floor, District 8 - SCBD  
Jl. Jendral Sudirman Kav 52-53  
Jakarta 12190  
Indonesia  
Tel : +6221 509 39 888  
Fax : +6221 509 39 777

#### **BANGKOK**

**RHB Securities (Thailand) PCL**  
10th Floor, Sathorn Square Office Tower  
98, North Sathorn Road, Silom  
Bangrak, Bangkok 10500  
Thailand  
Tel: +66 2088 9999  
Fax :+66 2088 9799

#### **SINGAPORE**

**RHB Bank Berhad (Singapore branch)**  
90 Cecil Street  
#04-00 RHB Bank Building  
Singapore 069531