

PT Segar Kumala Indonesia Tbk (BUAH)

The Sweet Taste of Success

Reliance
Sekuritas Indonesia

1Q23 Performance

BUAH reported 1Q23 revenue of Rp376.9 billion (+34.4% YoY, -14.8% QoQ), we see the YoY growth driven by solid volume growth and increased demand during the fasting month. The company recorded a net profit of Rp9.2 billion in 1Q23 (-17.6% YoY, +49.9% QoQ), it represents 23.5% run rate compared to our net profit projection for FY23F to Rp39.3 billion (+47.6% YoY) which we expect to see positive growth in the company's net profit for FY23F, as lower global inflation leads to better margin. However, the company has consistently reported revenue and gross profit growth with CAGR of 28.6% and 63.5%, respectively, from 2019 to 2022.

Domestic demand is favorable while we expect ease margin.

Indonesia's consumer expectation reached 137.5% in June 2023 (vs 137.8 in May 2023 after the 4th consecutive period of increased from Feb-May 2023), the pre-election momentum such as stimulus for campaign spending is expected to boost domestic demand in the 2H23, however the inflation rate in June dropped to a 14-month low of 3.52% YoY which was slower than the previous month's rate of 4.0% YoY. Hence, we believe it would have a positive impact on domestic demand, particularly in the food and retailing sectors. The global economy seems to be on track for a gradual recovery after facing significant challenges from the pandemic, geopolitics and Inflation is moving back towards its targets, we see it has a positive impact on company costs, particularly in terms of import prices and freight expenses.

Expanding business through equity fund raising to maintain low leverage.

After listed on the IDX through an IPO, the company has successfully opened four new branches, making 13 branches in total throughout Indonesia. This expansion demonstrates the company's commitment to growth and its ability to capitalize on new market opportunities. Furthermore, the company has strategically expanded its business through equity fund raising, which has allowed it to maintain a low leverage ratio. This strategy ensures financial stability and provides opportunities for further growth and development. Hence, the company has solid balance sheet and lower leverage, it reflect total asset-to-total equity of 2.3x in 1Q23 (vs 4.5x in 4Q21/before IPO) and total liabilities-to-total equity of 1.3x in 1Q23 (vs 3.5x in 4Q21/before IPO).

Valuation, Buy rating with TP 2,200/sh

We recommend a Buy rating and set a target price of Rp2.200. Our valuation approach is based on the DCF, using the following assumptions: terminal growth at 3.8% and WACC at 6.62%. Our TP reflects FY23F PBV ratio of 12.4x and FY23F PE ratio of 56.0x. Key risks: macroeconomic downturn, forex exchange, lower ASP and higher cost than expected.

Key Metrics

At price IDR1,515/share	2020	2021	2022	2023F	2024F	2025F
Revenue (IDRmn)	769,215	1,021,412	1,386,125	1,729,218	2,025,357	2,276,842
Gross Profit (IDRmn)	74,741	91,431	119,054	157,111	179,758	201,501
Net Profit (IDRmn)	27,507	37,736	26,616	39,294	45,061	49,929
Gross Profit Margin (%)	9.7%	9.0%	8.6%	9.1%	8.9%	8.9%
Net Profit Margin (%)	3.6%	3.7%	1.9%	2.3%	2.2%	2.2%
ROE (%)	81.7%	68.1%	17.3%	22.2%	22.6%	22.3%
ROA (%)	13%	15%	8%	10%	9%	9%
P/E Ratio (x)	55.1	40.1	56.9	38.6	33.6	30.3
P/B Ratio (x)	45.0	27.4	9.8	8.5	7.6	6.8
DPR (%)	0.0%	0.0%	52.6%	52.6%	52.6%	52.6%
DPS (IDR)	-	-	14.0	20.7	23.7	26.3
Dividen Yield (%)	0.0%	0.0%	0.9%	1.4%	1.6%	1.7%

Source: BUAH, Reli Research

BUY

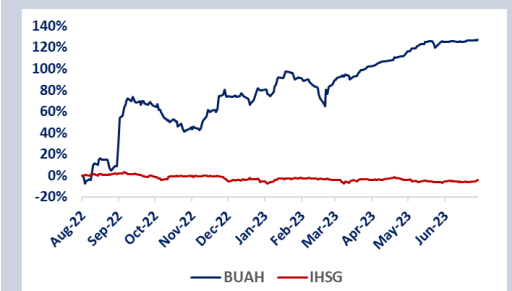
Target Price: IDR2,200
Upside : 46.7%

Last Price: 1,515
Ticker Code: BUAH
Sector: Consumer non-cyclicals
Sub Sector: Food & staples retailing
Shares: 1.0bn
Market Cap: Rp 1.5tn
YTD Low - High: 825 - 1,520

Major Shareholders:

Hendro Susilo 36.0%
Michael Iksan Susilo 24.0%

Relative performance vs IHSG:



Brief Company Profile:

PT Segar Kumala Indonesia Tbk (BUAH) started in 2017 as a family-owned business that sold Pontianak oranges. It aspired to be an established company, and expanded the business to being a distributor for imported fruits, vegetables, and poultry products. The goods are distributed through a large network in major cities in Indonesia, BUAH operates 13 branches strategically located in cities across Indonesia, providing a total capacity of 5,205 tons. These branches are supported by 81 cooling units, allowing the company to efficiently reach consumers across the country.

Lukman Hakim

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Figure 1: Quarterly Results 1Q23

IDRmn	Q3 2022	Q4 2022	Q1 2023	1Q23 QoQ (%)	1Q23 YoY (%)
Revenue	943,667	442,458	376,896	-14.8%	34.4%
Gross Profit	85,338	33,716	35,912	6.5%	34.7%
Profit Before Tax	27,579	7,437	11,865	59.5%	6.1%
Net Profit	20,463	6,153	9,223	49.9%	-17.6%

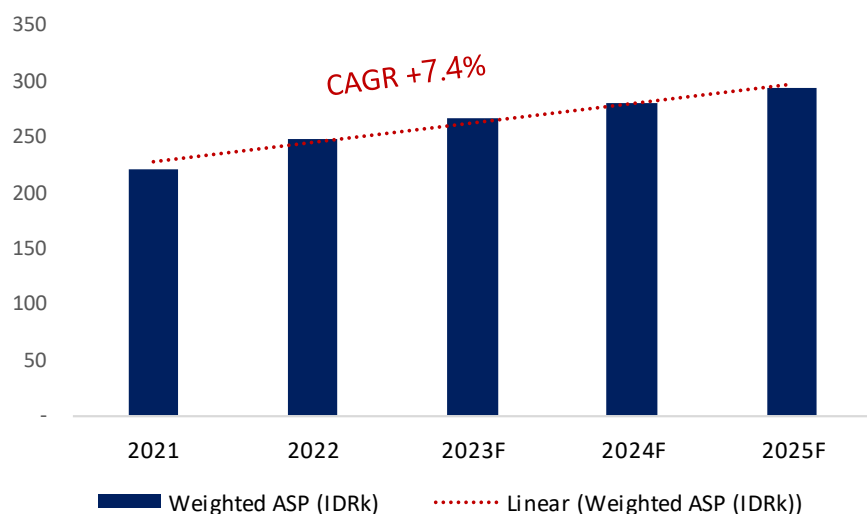
Source: BUAH, Reli Research

Figure 2: 1Q23 Results against our 2023 forecast

IDRmn	Q1 2023	FY23F	Run rate to 2023F (%)
Revenue	376,896	1,729,218	21.8%
Gross Profit	35,912	157,111	22.9%
Profit Before Tax	11,865	50,006	23.7%
Net Profit	9,223	39,294	23.5%

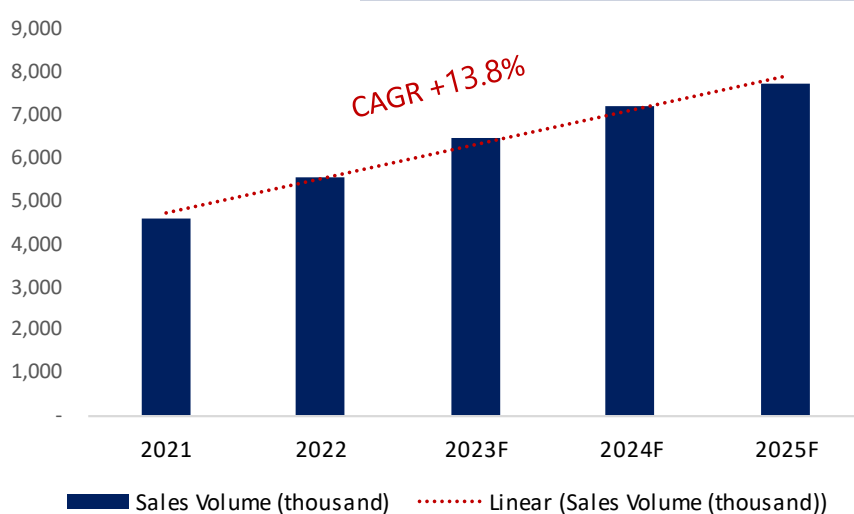
Source: BUAH, Reli Research

Figure 3: Weighted ASP



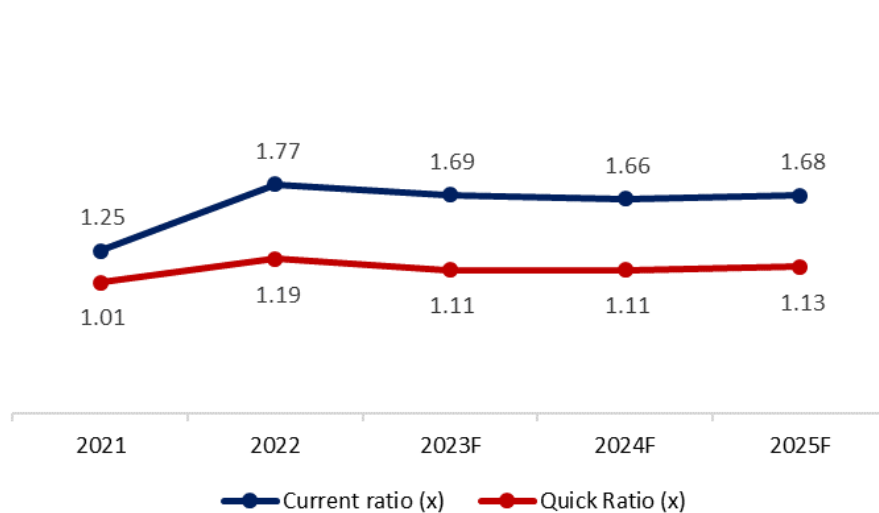
Source: BUAH, Reli Research

Figure 4: Sales Volume



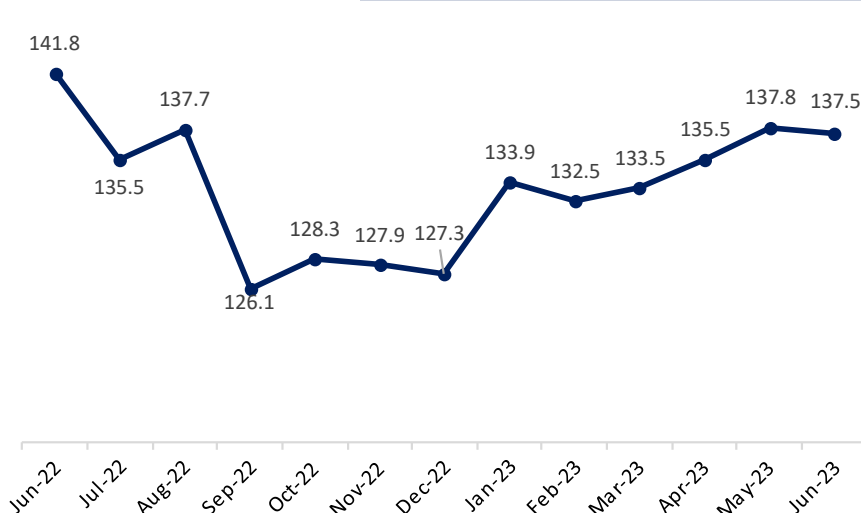
Sumber: BUAH, Reli Research

Figure 5: Current ratio and quick ratio



Sumber: BUAH, Reli Research

Figure 6: Indonesia's consumer expectation index



Sumber: BI, Reli Research

Valuation

DCF (IDRmn)	2023F	2024F	2025F	2026F	2027F	Terminal growth
EBIT	50,502	57,640	63,407	70,869	81,592	
Less: Taxes	(10,713)	(12,285)	(13,612)	(15,192)	(17,507)	
Plus: D&A	2,731	4,076	4,576	4,951	4,856	
Less: CapEx	(10,766)	(4,000)	(3,000)	(2,250)	(1,688)	
Changes in WC	(457)	247	28	(165)	77	
Unlevered FCF	31,296	45,679	51,400	58,212	67,330	2,575,667
Discount rate	0.94	0.88	0.83	0.77	0.73	0.73
PV of FCFF	29,354	40,185	42,412	45,053	48,876	1,869,722
Sum of PV	2,075,604					
add: cash	125,087					
less: debt	(4,566)					
Equity value	2,196,125					
Equity value/Share	2,196					

Source: Reli Research

Financial Summary

Income Statement (IDRmn)	2020	2021	2022	2023F	2024F	2025F
Revenue	769,215	1,021,412	1,386,125	1,729,218	2,025,357	2,276,842
COGS	(694,474)	(929,981)	(1,267,071)	(1,572,107)	(1,845,599)	(2,075,342)
Gross profit	74,741	91,431	119,054	157,111	179,758	201,501
SG&A expenses	(38,407)	(44,741)	(84,155)	(106,609)	(122,118)	(138,093)
Operating income	36,334	46,690	34,900	50,502	57,640	63,407
Finance income (expenses)	220.3	765.8	1,024.7	856.1	808.7	1,216.9
Others	(1,144.6)	684.6	(908.3)	(1,351.2)	(1,102.5)	(1,083.5)
Profit before tax	35,410	48,140	35,016	50,006	57,347	63,541
Taxation	(7,902.6)	(10,404.8)	(8,400.2)	(10,712.8)	(12,285.3)	(13,612.3)
Net income	27,507	37,736	26,616	39,294	45,061	49,929

Balance Sheet (IDRmn)	2020	2021	2022	2023F	2024F	2025F
Cash & cash equivalent	74,841	95,828	125,087	134,706	165,950	186,537
Receivables	64,561	92,412	91,743	114,310	133,886	150,510
Inventories	29,460	25,398	86,395	107,193	125,841	141,506
Others	23,338	19,886	18,217	23,029	23,029	23,029
Total current asset	192,200	233,525	321,441	379,238	448,706	501,582
FA - net	11,482	12,344	22,059	30,095	30,018	28,442
Other	1,329	1,867	2,159	1,871	1,540	1,173
Total non current asset	12,811	14,211	24,218	31,965	31,558	29,615
TOTAL ASSET	205,012	247,736	345,660	411,203	480,264	531,197
Payables	143,685	161,218	178,236	221,145	259,616	291,934
Taxes payable	8,532	10,349	144	206	236	261
Others	13,003	14,674	3,301	3,222	10,793	5,563
Total current liabilities	165,219	186,241	181,681	224,572	270,645	297,758
Lease liabilities	1,522	1,555	2,826	1,740	1,873	986
Employee benefits liabilities	4,584	4,555	7,227	7,588	7,968	8,366
Total non current liabilities	6,106	6,111	10,052	9,328	9,841	9,352
TOTAL LIABILITIES	171,325	192,352	191,733	233,901	280,486	307,111
Capital stock	6,000	40,000	50,000	50,000	50,000	50,000
Add. Paid capital	-	-	63,844	63,844	63,844	63,844
Retained earnings	27,687	15,384	40,082	63,458	85,933	110,242
TOTAL EQUITY	33,687	55,384	153,926	177,302	199,778	224,086

Cash Flow (IDRmn)	2020	2021	2022	2023F	2024F	2025F
CFO	48,078	41,394	(34,128)	36,857	58,072	49,196
CFI	(10,476)	(4,281)	(11,692)	(10,116)	(3,290)	(2,235)
CFF	2,705	(16,088)	76,997	(15,204)	(21,621)	(24,456)
Total	40,307	21,025	31,177	11,537	33,161	22,505
Beginning	34,657	74,841	95,828	125,087	134,706	165,950
adjustment	(123)	(38)	(1,918)	(1,918)	(1,918)	(1,918)
Ending	74,841	95,828	125,087	134,706	165,950	186,537

Source: BUAH, Reli Research



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Analyst Rating

BUY : Expected return of 2x Risk Free or more within a 12-month period
NEUTRAL : Expected return between -1.9x and 1.9x Risk Free
SELL : Expected return of -2x Risk Free or more within a 12-month period
NON-RATED : Analysts do not express any trading recommendation

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