

BUY

TP: IDR 3,790

▲ 78.8%

PT Distribusi Voucher Nusantara Tbk

DIVA IJ

New Revenue Streams for 2H20

2Q20 Revenue +8.1% YoY to IDR919.9bn and EBITDA +0.9% YoY to IDR12.0bn. 2Q20 Core Attributable Net Income -24.3% YoY to IDR7.3bn due to higher depreciation and net finance expenses. New initiatives, 'Isiin Aja' and 'KasirKu', could bolster transaction volume and lift revenues. Reiterate BUY with TP of IDR3,790/share.

- Encouraging set of results:** 2Q20 Revenue grew 8.1% YoY to IDR919.9bn, as stronger revenue from Digital Products & Services offsets the slowdown in the other two segments. The number of SME partners continued to expand from 22.9k to 25.4k in 2Q20. Despite a lower 2Q20 Gross Profit, EBITDA inched up 0.9% YoY to IDR12.0bn, thanks to its efficient cost management. 2Q20 Core Attributable Net Profit, which excludes gain on other investment, decreased 24.3% YoY to IDR7.3bn, mainly due to higher depreciation and net financing expenses. 1H20 Revenue/Core Attributable Net Profit form 47.7%/27.8% of our full year FY20E estimates.
- 'Isiin Aja' to boost transaction volume:** The partial lockdown in 2Q20 has a mixed impact on DIVA – promoted higher Digital Products & Services sales (+13.7% YoY), but weighed against Tour & Travel and Digital Financial Services segments (-107.0% and -67.0% YoY, respectively). In particular, Digital Financial Services segment took a hit from lower traffic flow at tollgates and parking lots. Nonetheless, 'Isiin Aja' will help to direct e-money top-up transaction flows from ATM or over the counter to its WhatsApp-based platform. Note that the e-money can be used for payments other than toll charges, i.e. the **potential market is not limited to toll road users**.
- 'KasirKu' introduces new advertising revenue stream:** The 236 Digital Ticketing & Cloud-Based Advertising Kiosks at Transjakarta bus stations would contribute to DIVA in 3 ways: (a) transaction fee from e-money top-up; (ii) cross-selling of digital products; and (iii) advertising revenue from the advertising screens provided by DMMX. According to management, the advertising revenue will be shared among Transjakarta (40%), DIVA (30%) and DMMX (30%). Total CapEx for 'KasirKu' is estimated to be ~IDR18bn (~IDR75mn for each unit). Including restricted deposits, DIVA is in a net cash position of IDR48.5bn as at end-Jun20.
- Maintain BUY with TP of IDR3,790/share:** DIVA has been actively expanding its ecosystem. In addition to the above, we are also anticipating positive news from Digiclustor (new B2B online ordering platform) and potential synergy with Kejora's ecosystem. Monetization of its Smart Outlets (SO) and Intelligent Instant Messaging (IIM) channels in form of subscription model will provide another leg up in FY21E.

Financial Highlights

Y/E 31 Dec (IDR'bn)	FY19A	FY20E	FY21E	FY22E	FY23E
Revenue	3,550	3,732	5,689	8,019	10,729
Operating Profit	43	38	74	143	194
Core Attributable Net Profit	37	37	69	125	161
Core EPS (IDR)	52	0.714	0.714	0.714	0.714
Core EPS growth (%)	9.7%	-0.3%	86.5%	80.3%	29.5%
Core Attributable NPM (%)	1.0%	1.0%	1.2%	1.6%	1.5%
Adjusted ROE (%)	4.8%	4.5%	7.8%	12.3%	13.8%
Adjusted P/E (ex-cash) (x)	13.8	30.1	13.9	7.0	4.3

Source: Company, SCCM Research; as of 28 July 2020



29 July 2020

REPORT AUTHORS

Soh Lin Sin

+65 6671 8112

linsin.soh@sccmasia.com

PRICE CLOSE (28 July 2020)

IDR 2,120

MARKET CAP

IDR 1.51 tn

USD 103.9 m

SHARES O/S

714.3 mn

FREE FLOAT

25.2%

3M AVG DAILY VOLUME/VALUE

IDR 929 m / USD 63,819

52 WK HIGH

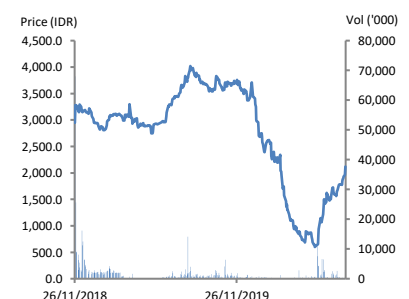
4,030

52 WK LOW

560

Target Price

IDR 3,790



BUY

TP: IDR 3,790

▲ 78.8%

PT Distribusi Voucher Nusantara Tbk

DIVA IJ

Results Review

Indonesia

IT Infrastructures

Operating Review

Fig 1 - 2Q20 Results vs Estimates

In IDR'Bn	2Q20	2Q19	YoY (%)	1Q20	QoQ (%)	FY20E	% of Est.	Remarks
Revenue	919.9	851.1	8.1%	860.7	6.9%	3,732.1	47.7%	
Gross Profit	27.2	28.7	-5.0%	21.3	28.0%	97.2	49.9%	
Gross Profit Margin	2.96%	3.37%		2.47%		2.61%		Lower gross margins from Tour & Travel and Digital Financial Services were partially offset by higher gross margin from Digital Products & Services.
Operating Profit	10.4	11.2	-7.6%	5.5	87.7%	38.4	41.4%	Higher depreciation & amortization expenses.
Operating Profit Margin	1.13%	1.32%		0.64%		1.03%		
Core Net Profit*	5.9	10.7	-44.8%	3.7	58.4%	38.7	24.8%	Recorded IDR2bn net finance expenses vs IDR2bn net finance income a year ago.
Core Net Profit Margin	0.64%	1.25%		0.43%		1.04%		
Core Attributable Net Profit*	7.3	9.7	-24.3%	3.0	146.1%	37.1	27.8%	Net loss attributable to non-controlling interest vs net profit a year ago.
Core Attributable NPM	0.80%	1.14%		0.35%		0.99%		

Source: SCCM Research, *Excludes exceptional gains

Fig 2 - 2Q20 Segmental Analysis

Operational Matrix	2Q20	2Q19	YoY (%)	1Q20	QoQ (%)
Number of SME partners	25,400	22,885	11.0%	24,800	1.6%
Average ticket size per partner (IDR'000)	36,215	37,189	-2.6%	34,429	5.2%

In IDR'bn	2Q20	2Q19	YoY (%)	1Q20	QoQ (%)	Remarks
Revenues						
Digital Products & Services	921.7	810.8	13.7%	840.2	9.7%	Growing partner pool offset by lower sales per merchant
Tour & Travel	-2.6	37.8	-107.0%	19.3	-113.6%	Due to customer refunds
Digital Financial Services	0.8	2.5	-67.0%	1.3	-35.0%	Due to COVID-19 lockdown, where traffic flow at tollgates and parking lots reduced significantly. However, we expect this high margin segment to pick up in coming quarters, lifting profitability of DIVA

Source: Company, SCCM Research

BUY

TP: IDR 3,790

▲ 78.8%

**PT Distribusi Voucher
Nusantara Tbk**

DIVA IJ

Results Review

Indonesia

IT Infrastructures

Appendix: Financial Statements**Fig 3 - Consolidated P&L**

Y/E 31 Dec (IDR bn)	FY19A	FY20E	FY21E	FY22E	FY23E
Total Gross Revenue	3,550	3,732	5,689	8,019	10,729
<i>Gross Revenue Growth</i>	138.7%	5.1%	52.4%	41.0%	33.8%
COGS	(3,447)	(3,635)	(5,527)	(7,750)	(10,365)
Gross Profit	103	97	161	269	365
<i>Gross Margin</i>	2.9%	2.6%	2.8%	3.4%	3.4%
Other Operating Expenses	(56)	(52)	(79)	(110)	(146)
EBITDA	47	46	82	159	218
<i>EBITDA Margin</i>	1.3%	1.2%	1.4%	2.0%	2.0%
Depreciation Expense	(4)	(7)	(8)	(15)	(24)
Amortization Expense	(0)	(1)	(0)	(0)	(0)
EBIT	43	38	74	143	194
<i>EBIT Margin</i>	1.2%	1.0%	1.3%	1.8%	1.8%
Interest Expense	(8)	(13)	(15)	(18)	(23)
Interest Income	14	9	18	25	29
Other Income/(Expenses), Net	60	14	14	13	13
EBT	109	48	90	163	213
Tax	(10)	(9)	(17)	(28)	(36)
Net Income	98	39	73	135	177
Minority Interests	5	2	4	11	15
Attributable Net Income	94	37	69	125	161
<i>Attributable Net Margin</i>	2.6%	1.0%	1.2%	1.6%	1.5%
Shares Outstanding in Billions	0.714	0.714	0.714	0.714	0.714
EPS (IDR)	131	52	97	175	226
<i>EPS Growth</i>	850.7%	-60.4%	86.5%	80.3%	29.5%

Source: SCCM Research

BUY

TP: IDR 3,790

▲ 78.8%

PT Distribusi Voucher Nusantara Tbk

DIVA IJ

Results Review

Indonesia

IT Infrastructures

Fig 4 - Consolidated Balance Sheet

Y/E 31 Dec (IDR bn)	FY19A	FY20E	FY21E	FY22E	FY23E
Cash	220	398	553	639	816
Trade Receivables	194	153	156	220	294
Inventories	115	99	106	149	199
Other Current Assets	426	409	449	496	551
Current Assets	956	1,060	1,264	1,504	1,860
Net Fixed Assets	65	65	71	119	132
Intangible Assets	1	1	0	0	0
Other Non-Current Assets	66	67	68	69	71
Non-Current Assets	132	133	140	188	202
Total Assets	1,088	1,193	1,404	1,692	2,063
Trade Payables	19	50	106	149	199
OD & ST Debt	152	188	245	325	431
Other ST Liabilities	61	67	99	137	181
LT Debt	29	22	14	6	0
Other LT Liabilities	3	3	3	3	3
Total Liabilities	264	330	467	620	814
Shareholder's Capital	71	71	71	71	71
APIC	593	593	593	593	593
Others	2	2	2	2	2
Retained Earnings	114	151	221	345	507
Minority Interest	44	45	49	60	76
Total Equity	824	863	936	1,072	1,248
Total Liabilities and Equity	1,088	1,193	1,404	1,692	2,063

Source: SCCM Research

RESEARCH DISCLAIMER

Important Disclosures

This report was prepared, approved, published and distributed by SooChow CSSD Capital Markets (Asia) Pte. Ltd. (Company Registration number: 201726618K) ("SCCM") which is a company located outside of the United States.

Subject to any applicable laws and regulations at any given time, SCCM, its affiliates or companies or individuals connected with SCCM (together, "Connected Companies") may make investment decisions that are inconsistent with the recommendations or views expressed in this report and may have long or short positions in, may from time to time purchase or sell (as principal or agent) or have a material interest in any of the securities mentioned or related securities or may have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, recipients of this report should be aware that Connected Companies may have a conflict of interest that could affect the objectivity of this report.

See "Special Disclosures" for certain additional disclosure statements, if applicable.

This report is only for distribution to investment professionals and institutional investors.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

Analysts and strategists are paid in part by reference to the profitability of SCCM.

Stock Ratings are defined as follows

Recommendation Interpretation

Recommendation	Expected absolute returns (%) over 12 months
Buy	More than 15%
Hold	Between 15% and -5%
Sell	Less than -5%

Expected absolute returns are based on the share price at market close unless otherwise stated. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Our target price represents the fair value of the stock based upon the analyst's discretion. We note that future price fluctuations could lead to a temporary mismatch between upside/downside for a stock and our recommendation.

Research Conflict Management Policy

SCCM research has been published in accordance with our conflict management policy, which is available upon request.

Disclaimers

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 law or regulation or which would subject SCCM to any registration or licensing requirement within such jurisdiction(s). This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to SCCM. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of SCCM. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of SCCM or its affiliates, unless specifically mentioned otherwise.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. SCCM has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. SCCM will not treat recipients as its customers by virtue of their receiving the report. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. In addition, nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

Information and opinions presented in this report were obtained or derived from sources that SCCM believes to be reliable, but SCCM makes no representations or warranty, express or implied, as to their accuracy or completeness or correctness. SCCM accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to SCCM. This report is not to be relied upon in substitution for the exercise of independent judgment. SCCM may have issued, and may in the future issue, a trading call regarding this security. Trading calls are short term trading opportunities based on market events and catalysts, while stock ratings reflect investment recommendations based on expected absolute return over a 12-month period as defined in the disclosure section. Because trading calls and stock ratings reflect different assumptions and analytical methods, trading calls may differ directionally from the stock rating.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by SCCM and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADRs, the values of which are influenced by currency volatility, effectively assume this risk.

This report is distributed in Singapore by SCCM which is a holder of a capital markets services licence and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations (the "FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to SCCM when providing any financial advisory service to an accredited investor, or "overseas investor" (as defined in regulation 36 of the FAR). Persons in Singapore should contact SCCM in respect of any matters arising from, or in connection with, this publication/communication. If you wish to enter into a transaction, please contact the relevant Connected Company in your home jurisdiction unless governing law provides otherwise. If jurisdictions where the Connected Companies are not registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation which may vary from one jurisdiction to another and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

SCCM and the Connected Companies may do or seek to do business with companies covered in our research report. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of research produced by SCCM. Investors should consider our research as only a single factor in making their investment decision.

Any reference to a third party research material or any other report contained in this report represents the respective research organization's or publisher's estimates and views and does not represent the views of SCCM; and SCCM, its officers, employees do not accept any liability or responsibility whatsoever with respect to its accuracy or correctness. This report may provide the addresses of, or contain hyperlinks to websites. Except to the extent to which the report refers to material on SCCM's own website, SCCM takes no responsibility whatsoever for the contents therein. Such addresses or hyperlinks (including addresses or hyperlinks to SCCM's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this report. Accessing such website or following such link through this report or SCCM's website shall be at your own risk.

For U.S. persons only

This research report is a product of SCCM, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is not intended for distribution by SCCM into the U.S.

Special Disclosures (if applicable)

Not Applicable